

Paper Laid

Tuesday, January 16, 1996

HOUSE OF REPRESENTATIVES

Tuesday, January 16, 1996

The House met at 1.30 p.m.

PRAYERS

[MR. SPEAKER *in the Chair*]

PAPER LAID

1. The Provisional Collection of Taxes Order, 1996. [*The Minister of Finance (Sen. The Hon Brian Kuei Tung)*]

APPROPRIATION BILL (BUDGET)

[Third Day]

Order read for resuming adjourned debate on question [January 10, 1996]:

That the bill be now read a second time.

Question again proposed.

Mr. Kenneth Valley (*Diego Martin Central*): Mr. Speaker, we are meeting this afternoon, just a few hours after we were allowed to leave by the Government this morning at 7.30 a.m. That is, as you well know, after the Government failed to participate in this debate since around 9.00 p.m. last night. As a matter of fact, it was earlier than that; it was more like 8.00 p.m.

One thought that the Government would have used the opportunity of this budget debate to outline the plans and programmes of the respective ministries as promised by the hon. Minister of Finance in his 22 -page budget, a very short budget presentation. At that time he gave an undertaking that his colleagues would use the opportunity to expand on the vagueness of his presentation, outlining the plans and programmes of their respective ministries. We saw them crumble at around 8.00 p.m. last night. That was not surprising to us because, we knew that after the Leader of the Opposition showed the budget for what it is, a hoax, a throw together of various numbers, making no sense whatsoever, we knew that the Minister would have had difficulty getting support from his colleagues.

Mr. Speaker, as of now, not one Member of that Front Bench got up in defence or in support of the hon. Minister's budget presentation. More importantly, when the Minister of Energy and Energy Industries made his

Appropriation Bill (Budget)
[MR. VALLEY]

Tuesday, January 16, 1996

presentation, he spoke around—he said, yes, the \$1,750 number is fine. We have no problem. We accepted the \$1,750. At no time did he give us the assurance that the Minister's oil revenue figure of \$2.1 billion is a good estimate. He knew he could not put his professional integrity on the line—and that is what it is. We were not surprised that at 8.00 p.m., the Member for Couva South informed this side that they were not putting anybody else to speak. They could not put in anybody else.

We on this side knew that we had to hold them accountable to put the record on the *Hansard*. One Member after the other, got up and pointed the direction for them. I hope that when I am finished at least one Member on that Front Bench would get up and say he supports the Minister of Finance. I dare them to do that today, they still have that opportunity—the Minister of Planning and Development, the Minister of Foreign Affairs, the Minister of Housing and Settlements, the Minister Extraordinaire. That is what I want to hear them say today. They must get up and support the figures today. The national community and the media is waiting to hear them say that they support those figures in the Minister of Finance's budget.

We have argued that the budget presented by the Minister of Finance does not hold together, that on his non-oil revenue projection he is off by a minimum of \$400 million, that in his oil projection he is off by a minimum of \$350 million and, in fact, in the oil projection, the figure provided in the *Draft Estimates of Revenue*, is more likely to be the correct figure, the figure shown is some \$1,437 million.

Our experts tell us that at best one can talk in the vicinity of \$1,750—

Mr. Assam: In the vicinity of \$17 million? Name them.

Mr. K. Valley: Name them? They are people who know what they are doing. That is a statistical error once in 25 years and they know it. It is a fluke and they know that would not happen again in the next 25 years.

1.40 p.m.

I make the point that his revenue figures are off and because of that implied in the budget, there is a shortfall of some \$750 million. The IMF consultants are not stupid, they will analyze the Government's budget too.

When a surplus of \$284 million is shown, in fact, it turns out that there is the implied budget deficit overall of \$466 million. We are saying that in attempting

to finance that deficit that you would cause dislocation in this economy; the exchange rate is going to be threatened; the exchange rate and price stability, the same economic growth on which those projections are based is going to be threatened.

Alternatively, we are saying that another way out is massive retrenchment. The Minister is on record, talking to the Rotary Club, as saying that, in fact, retrenchment is on the cards. We believe that is only going to be part of the story. In fact, in attempting to satisfy the requirements of the spending ministries the Minister would have to increase his planned borrowings which is shown in Head 10 and so crowd out private sector investors, which of course, would threaten the economic growth we are talking about. That is our argument.

We are saying, given all the fluff and nice words, the Minister did not walk the walk. While he talked the talk with nice sounding language; the things we want to hear; the statement of intent and so on, to which we subscribe, he did not walk the walk.

Mr. Panday: He talked the talk.

Mr. K. Valley: Yes, he talked the talk, very nice fancy words. I know him and he could do that. I know him, he can talk, but he does not walk the walk and that is the problem. So, we have that difficulty with the budget. *[Interruption]* Yes, the Member remembers the Minister when he made his 1994 budget presentation; the Member spoke right after him and said it was a very sanitized presentation. The Member remembers his words.

Mr. Speaker, that is our position and we hope that the Minister, in responding, would give, not to us on this side, but the national community the assurance that those numbers are, in fact, correct and we are missing something. We would be extremely pleased to find out that we have made errors and that, in fact the figures that the Minister presented to this House and the national community could be relied on.

In fact, when he tells the business community that he is reducing corporate tax to 35 per cent they would know that there is no sting in the tail; that things would not have to happen down the road which would result in their paying much more overall than the 3 per cent reduction. That when he tells the individual that he is reducing the top marginal bracket to 35 per cent and the other rate to 30 per cent, and that he is taking the threshold from \$16,000 to \$20,000 for the lower income taxpayers, that they can rely on those assurances and down the road they would

Appropriation Bill (Budget)
[MR. VALLEY]

Tuesday, January 16, 1996

not have increased cost via increased prices or some other dislocation flowing from his misguided budget.

Mr. Speaker, moving on from that, simply to comment quickly on some of his tax measures in the document. The first one, as outlined in this document, is the tax and duty on new motor vehicles. One knows that Trinidad and Tobago is a member of Caricom and we are committed to the Common External Tariff. In accordance with the Common External Tariff the top rate of duty for motor vehicles in 1996 is supposed to be 25 per cent. *[Interruption]* I am really embarrassed by my replacement in the Ministry of Trade and Industry; such a good Ministry with such good people, to know that he now has to lead that Ministry. I am really embarrassed.

I was making the point that in August last year, the Government reduced the level of tax, customs duty and so forth on motor vehicles 2,000ccs and under from 35 to 25 per cent. The intent has always been, in accordance with the CET, that as of January 1, the CET rates for motor vehicles as a whole would come to 25 per cent. We have noted in the fiscal measures here that the Minister is reducing the CET on vehicles under 1,600ccs to 20 per cent. That is fine, but he has said nothing with respect to those motor vehicles above 2,000ccs on which the duty is 35 per cent at present. In accordance with the CET, as of January 1, 1996, the maximum duty ought to be 25 per cent. I ask the Minister to look at that, otherwise, obviously, he would not be in line with the CET.

Mr. Speaker, secondly, the removal of tax credits on bonds and so forth. Perhaps, I can take them as a group. When we introduced these tax credits, it was an attempt to encourage lower and middle-income taxpayers to save. We know that as one's income increases, one's savings increase. We knew that if we wanted to attract savings among the lower and middle-income taxpayers well, then we should provide certain incentives. That is why we restructured the bond; where the previous dispensation was a deduction, we restructured it providing a tax credit, encouraging those people to get a gain and so save.

The removal, therefore, of these tax credits would reduce, in our opinion, the savings level among those income brackets to the detriment of the economy. We are saying that the savings rate improved from 9.9 per cent in 1992 to 17.1 per cent in 1995. That did not happen by chance. One has to do certain things if one wants to achieve certain results.

We hope that the Minister would take a second look at the removal of the tax credits from the First Unit Trust Scheme, tax-free bonds and, of course, his plan to remove the tax credit on credit union shares next year.

I want to say just a word on the first unit scheme. Last night or this morning, my Friend, the Member for St. Joseph, was making the point that the Government removed the tax credit in the Second Unit Trust Scheme. Of course, that shows that one does not understand what was happening. The first unit scheme was established for the small ordinary man. The tax credit was attached to that scheme. Being entrepreneurs, the managers of the Unit Trust Corporation developed a second unit scheme and structured it in a fashion that would qualify for the tax credit. Obviously, that could not have been allowed to happen so we had to remove that tax credit. It was not the intent of the legislation in the first place. So we plugged that loophole. That is what was done.

The first unit scheme, allowing the individual to put a maximum of \$2,500 per year and get a tax credit of \$625 made much sense. Some people would argue that the person may put in his \$2,500 and then before the end of the next year simply take it out, but even if that is the situation, let us correct that, and that could be done.

1.50 p.m.

One has to place an obligation on the Unit Trust Corporation that anyone who retires within a time period, his units would attract a withholding tax. One can simply set the rate higher than the 25 per cent tax credit. Correct it! Do not throw it out! That is if they want to achieve certain saving objectives. Quite simply if one says that any funds coming out of the Unit Trust Corporation within a certain time period will attract tax at the top marginal rate which at present is 35 per cent, obviously that will be a disincentive for one to deposit money, withdraw it and re-deposit. It should re-build and increase as the situation with the credit union.

We need to correct certain loopholes but it should have been dealt with in that fashion instead of taking it out. It is important that we do things to increase the saving rate in this economy. One sees that with the removal of all these tax credits that the only vehicle which is now available for the income earner to set funds aside on a tax saver basis is annuities offered by insurance companies. I have known my colleague for a long time so I suggest that was allowed to remain for certain other reasons. I will never do that. People can get to that conclusion so we

Appropriation Bill (Budget)
[MR. VALLEY]

Tuesday, January 16, 1996

have to be extremely careful when we are doing these things. I merely ask him to look at those issues again.

A similar situation occurred with the returning nationals benefit. As a fact the last government saw the loophole and took steps to plug it. The Minister of Trade and Industry asked Cabinet to consider certain recommendations to plug that loophole. There is a Cabinet note dated November 1, 1995. It states:

“In light of the above the Minister of Trade and Industry recommends and Cabinet is asked to agree that the Finance Act No. 5 of 1995 be further amended to make it mandatory that a returning national can only enjoy custom duty exemption on an imported motor vehicle upon proof that he or she has owned that vehicle for at least six months immediately preceding the date of importation.

The amendment is applied to the importation of both left hand and right hand drive cars.”

In other words the legislation as it stands did not require any time period. People were coming to Trinidad and buying cars in bond. We are saying that was not the intent of the legislation. Again, one had to ensure that the loopholes were plugged. Cabinet approved the suggestion. The Chief Parliamentary Council has already drafted the required amendment for the vetting of the Ministry of Trade and Industry. One did not have to remove that benefit because one has to understand its purpose.

If we want to have a continuation of economic growth, we must come up or guard against the constraint of skilled labour. That is the reality. If we want to keep the inflation rate in check as the Minister said he wants to, we have to ensure that there is a supply of skills. On every occasion that we employ a skilled person, we create opportunities for a number of unskilled persons and so we increase the level of employment. If an engineer is employed he has to get a secretary and other employees. If a plumber is employed he has to get a handyman. What you will be doing is setting the environment for increasing employment. You will also be giving them a benefit. From that point on they would be paying tax in Trinidad and Tobago.

The businessmen should tell him that he is making an investment by giving up certain tax revenues at this time—which he would not have had in any case if the person did not decide to return to Trinidad—for a return of income via taxation.

He would create employment and avoid the inflation that would occur otherwise because of tightness in the labour market.

We went to Caricom and argued the case that we should have free movement of skills within the Caribbean. The Minister of Foreign Affairs is aware of that. We are saying that even if we want to stay behind, we want to go forward and do it. At the last Heads of Government meeting in July they took a decision that countries in Caricom would effect that from January 1, 1996. I hope that they are on board with that because to me it is critical. We cannot plan for economic growth without ensuring that the support is in place, otherwise we will run up against certain constraints and be worse off. We have to provide the environment and ensure that skills are available. As our economy expands we need skilled people.

I am telling the Minister that the Bill to plug that loophole already exists. I am asking my successor to look at the free movement of skills within the Caribbean. There should be draft legislation because that was supposed to be in place by January 01, 1996. I know that he should be going to the Caricom meeting next month. I would like when they ask if Trinidad and Tobago has implemented that, that we have. It makes a lot of sense.

I now come to taxation on dividend income. I know the Minister, my former colleague is aware. We worked on the PNM manifesto for 1991 and our vision was that there would have been no tax at the corporate level and taxation would have been in the hands of the individuals. In other words, the company makes profit to the extent that it decides to keep its profit as return earnings, meaning that it is using its fund for further development thereby increasing the level of savings at the corporate level. It is taxed only when it comes out in the form of dividends in the hands of the individual.

2.00 p.m.

Mr. Speaker, there are two things with that. Firstly, one then puts an incentive to encourage firms to pay up dividends. If one does that one would see that the level of corporate savings would be consequently reduced.

Secondly—there is the quirk, and we have to deal with it somehow; and I am sure the Minister could deal with it—pension funds. The concept is that during the accumulation period funds in the pension plan ought to accumulate tax free. The concept is that tax would be triggered only at retirement when the person gets the income in the form of an annuity and so on. This provision, which suggests that there is tax at the corporate level and then the money flows into the hands of

Appropriation Bill (Budget)
[MR. VALLEY]

Tuesday, January 16, 1996

the recipient tax free means that a pension fund now receives after-tax income, and there ought to be some provision to allow pension funds and other trust funds to gross up. In other words, to recapture the tax paid at the corporate level. That could be done, and I hope the Minister would make the appropriate adjustment. Of myself, I would have preferred that we had gone the other way. I am aware of certain difficulties there, if the Minister would have other incentives, perhaps it could be dealt with in that fashion.

Mr. Speaker, the distribution of dividends or other distributions from mutual funds and the Unit Trust Corporation. I make the point that rather than move the tax credit from the first unit scheme, in fact, it should be extended to any mutual fund or unit scheme set up by a mutual fund. That is the big problem. If one is talking about levelling field and encouraging savings, one should make it available, up to a limit; it does not matter whether the person goes through the unit trust scheme or to the banks. I think as long as the controls are set in place, then we are going to be home free. So rather than take it away, give it to everyone with the controls in place.

Those were the comments I had with respect to the fiscal measures. I want to touch quickly on some of the revenue figures. As I mentioned, one notes that according to Head 10, the Minister is planning both domestic and foreign borrowings. This is one of the things which is below the line of financing items, of course, and sometimes we believe that there is no borrowing, but bear in mind that before the financing of the \$466 million real deficit the Minister is already planning to borrow \$402.6 million on the domestic market and \$742.8 million on the foreign market in 1966. That is already in his budget. I am saying that \$466 million would then be added to this. So, while in the *Draft Estimate of Revenue*, the 1996 borrowing programme is set out at \$1.1 billion, in fact, it is more likely to be closer to \$1.5 billion. Of course, one would have to make some judgment as to the ability of this country to raise that sum of money on the domestic and foreign markets. I just thought I should point that out.

Mr. Speaker, the revenue estimates also include an amount of \$323.4 million extraordinary receipts, which is really the proceeds from divestments. In 1996, I think the divestment proceeds ought to include TCL where we still have 9 per cent shareholding, and TSTT where we have a commitment that if Cable and Wireless would sell down 10 per cent the Government agrees to sell down 10 per cent. I hope the Minister would follow through on that. We have argued for a long time

that in the case of TSTT we can, in fact, offer some shares to the employees as we had done in other places.

I do not want to eat into my time and go into a discourse on the divestment, but one would know that in the case of Point Lisas we have the employees' participation, gas shareholders via the Employee Stock Home Ownership Plan. Similarly, in the case of the National Flour Mills' employees participating via the Stock Option Plan. In the case of BWIA four unions got together and they now own 25 per cent of that company. We want to emphasize that in the case of TSTT there ought to be an ease-up to ensure that the employees participate in the growth of that company.

One would remember that I had argued that that should have been the first option, given where that company was and the obvious potential of the company.

Mr. Speaker, under Head 9, I see that the Minister of Finance plans to take from TIDCO, which is a company, its unspent balance. I am saying all this because we have to remember that these figures are included in the Minister's revenue estimates. So after saying all that I have said, go into the specifics, we see that the Government plans to take \$49.5 million from TIDCO—those are funds in the company fixed deposits and so on carried over from IDC, an asset on the company's books. I do not know via what mechanism the hon. Minister is going to access those funds. I do not know if one can just go into a company and take away its assets.

Mr. Speaker, the concept was that the company ought to be able to keep its funds, living off its interest. Again, there is Cabinet approval restricting the company from encroaching on the capital, but allowing the company to use its interest earnings for its own operations.

2.10 p.m.

That was done, having regard to the bureaucracy of the public service. Like the National Gas Company, a company needs the flexibility and that is why the Minister—it is the Minister who set up TIDCO in the first place—sought to give a certain level of flexibility in the marketing of Trinidad and Tobago, in the areas of tourism promotion and investment promotion. We cannot now put the company in a bind, as it were, going to the budget department whenever it needs funding to go on some mission. We have to leave the company with its funds. The restriction is there. It cannot encroach on the capital but it must be allowed flexibility to move. That is what one wants. That is the concept, I thought, on

Appropriation Bill (Budget)
[MR. VALLEY]

Tuesday, January 16, 1996

which the Government had set up TIDCO. Of course, the Minister left me in some trouble with the retrenchment of the workers at IDC, but then we were colleagues and I just had to take that.

I went there, did the job setting up the placement unit and trying to manage the company. Now they are quite happy. The outplacement unit was set up and found alternative employment for them. Of course, let us not go into that, the Minister was my colleague.

Mr. Speaker, I want to touch on the trade policy. In the Minister's budget statement on page 9, there is a vague comment to the effect. The Minister said, and I quote:

“While we must respond to the global trend in trade liberalisation and the creation of regional trading blocs, our trade policy thus far has been characterised principally by a lowering of tariffs and the removal of non-tariff barriers. These efforts are only part of the requirements of an effective trade policy.”

[Interruption] Mr. Speaker, honestly, please forgive me for the umpteen times that I slip and say Mr. Deputy Speaker. I am not doing it intentionally. After spending roughly about nine months referring to the Chair as Mr. Deputy Speaker, I am now getting acquainted once more to a Speaker being in the Chair. *[Interruption]* I am enjoying it; remember I was here before.

Mr. Speaker, I was making the point that, while it is a fact that when the hon. Minister left the Ministry of Trade, Industry and Tourism that was the extent of his trade policy; trade policy took on a new profile after the Member left. As the current Minister of Trade and Industry said in his presentation—I would just read part of the Minister's contribution so that the Minister of Finance could be informed as to the direction trade policy is taking. I quote:

“The Ambassador for Trade and Industry in the Ministry of Trade and Industry will be very busy in 1996 working on all of these projects . . .”

with a number of countries.

“...on a continuing programme of bilateral trade agreements for the Ministry of Trade and Industry and, by extension, the Government of Trinidad and Tobago.

We have already drafted a model free trade agreement which we hope the Members of Caricom will accept. We have already had feedback from a number of them ...(and have written some)”

The Minister went on to speak of the initiatives in Latin America, the Denver Meeting, making the point that no longer are we simply removing the negative list and liberalising trade, that we have gone further knowing that we have to set our manufacturing sector on a platform for growth.

We went out aggressively to talk with our neighbours in Latin America with respect to the free trade agreements. Our colleagues in Caricom. at the July meeting accepted the concept of the model agreement which is now being drafted and on which the Ministry has now obtained comments and which one expects would be accepted by Caricom at its next meeting. That will form the basis of Caricom third-world countries’ agreements. I am sure my former colleague, the Minister of Foreign Affairs will play a critical role—because I know he is committed to that—in ensuring that platform is established.

Mr. Speaker, yes, we may disagree on our politics but in terms of Trinidad and Tobago, I feel certain we share that vision of establishing this country as a platform from which countries can export to countries around us.*[Applause]* If following the policies of a prudent Government, there is a Government of national unity, I am all for that.*[Desk thumping]* This country is bigger than any party, let us face it. From where I sit I believe that the Ministry of Trade and Industry knows what it has to do. It has two bilateral agreements. What is required is at the second level, at the businessman’s level, at the bank’s level ensuring that the infrastructure is in place, ensuring that financing is in place, ensuring that we have the missions, bringing the people together so that there can be trade.

Mr. Speaker: Hon. Members, I wish to point out that the speaking time of the hon. Member has expired.

Motion made, That the hon. Member’s speaking time be extended by 30 minutes.*[Mr. R. L. Maharaj]*

Question put and agreed to.

Mr. K. Valley: Mr. Speaker, I believe that the business community has to take the ball while we expect the Ministry, and the Government to continue its bilateral arrangement ensuring that those things are in place—Intellectual Property Rights Agreement, the bilateral investment treaties. We need to ensure

Appropriation Bill (Budget)
[MR. VALLEY]

Tuesday, January 16, 1996

that there is the financing available. We need to have the missions bringing people together and, of course, we need to make that effort to ensure that we know the Spanish language. That is really a regret of significance. More of us need to be able to speak the language.

The Minister mentioned competition policy/anti-dumping. Of course, those are on-going programmes. When the last Prime Minister led the team to the United Kingdom and Germany in 1993, we met with the Adam Smith Institute, the expert in the area of competition policy. When they came to Trinidad and Tobago, they worked with our people and set up a system that is now being examined by the World Bank before implementation. Obviously, as we liberalise we have to put the infrastructure in place; the competition policy area is one of the critical areas.

2.20 p.m.

Remember before the Minister had left he brought legislation to Parliament. That had to be accompanied by regulation which took some time because they had to be reviewed. That was not his fault. The legislation is now on the books. The unit is established. The legal officer who was in that unit is now a Member of Parliament, the representative for Laventille East/Morvant. There is need for someone to replace him but there are other officers who form part of that unit. I feel certain that the unit would be successful.

Before I conclude, there is one minor point about the credit union. I think a Member asked yesterday why we did not deal with the credit union problem. To the credit of the current Minister of Finance, in 1992 in the last administration, one of his early signals was that we ought to do something about the credit union movement. Because of his urging in 1992 the government set up a committee to look at the credit union sector.

There was a report and by letter dated September 8, 1992 a technical team was appointed by Cabinet to review and make recommendations with respect to certain aspects of the operation of credit unions. The specific terms of reference were to examine the conditions of those credit unions identified by the Minister of Finance as requiring specific attention and recommend action which would have been taken to address *inter alia* delinquencies, problems identified and enforcement powers; to develop a work programme which would have addressed the type of action necessary to improve the supervision of credit unions, including identification of the functions, structure, staffing and organizational location of

any supervisory entity that might have been proposed; to recommend the type of credential criteria, accounting standards and other matters which would have been required for the sound regulation and operations of credit unions; to analyze reporting and general systems which were used by the larger credit unions and make recommendations on them. I do not want to take up too much time but this report is available to the Minister of Finance. It came in June 1994. Because of the number of other initiatives which were then on the table of finance, this is one which was not acted on with the urgency that has been required.

The credit union sector has certain problems. The committee's report provides a good basis for action. I recommend that the Minister look at it and try to correct the deficiencies in that system. Perhaps he may want to use the tax credit to get them to follow the recommendations of this report. I am saying that given our need for savings, rather than remove the credit as the Minister threatens, he ought to put a structure in place to ensure the viability of the credit union sector. It is the small man's sector and very important.

I am pleased to hear that the Prime Minister, the Member for Couva North would nudge the Minister to stay his hands on the removal of the custom duties on those food items because that is the protection that would provide for the domestic manufacturing sector. We are talking about duties of roughly 30 and 40 per cent. Those products can come in but at that higher price if our domestic manufacturing sector is to be protected. I urge the Minister to stay his hands on that.

The Minister is not here but from time to time in this Parliament reference is made to a little effort that my colleague and I engaged in some time ago. It is a very good book, *In Defence of The People's Interest*. From time to time Members would hold up the book and say that I said one thing here and I am saying something else now. At no time to date, could any Member refer to any article which I wrote in this book and point out a difference in position. I want to hear somebody point out a variance.

The Member referred to privatization. In this book there is an article on privatization and in the same article the divestment policy of the PNM which was articulated since 1988 is outlined. That is the same policy position which found its way into the 1991 manifesto of the PNM. It is the implementation of that policy that has seen the country without certain Treasury dependent state enterprises today.

Appropriation Bill (Budget)
[MR. VALLEY]

Tuesday, January 16, 1996

More than that one sees what is happening. We just have to take BWIA. I remember in December 1994, I was taking a licking every day but I persisted because I knew the course was the correct one to follow. Today I believe that every Trinidadian is proud of BWIA. They have realized that we have not lost BWIA. No longer do we have to spend over \$100 million per annum to support it. It is moving afield with that strategic alliance with LIAT and fitting into that overall programme and vision that we had for Trinidad and Tobago as the centre of the ACS. The Minister of Foreign Affairs would remember how we fought for that, working as a team, jostling and bending people's hands to get the ACS headquarters in Trinidad. It was part of the overall vision. The BWIA and LIAT strategic alliance is a critical part of that because BWIA is doing the long haul with LIAT flying to South America, Columbia to Venezuela and Northern Brazil. That is part of that vision.

One sees what happened coming out of the Fertrin/Urea divestment. Arcadian is now considering another plant and Farmland came to Trinidad because of that divestment. Being so convinced because of that opportunity, of the wisdom of investing in Trinidad and Tobago, they have now decided to put a plant in Trinidad. We can use that divestment programme to attract investors to Trinidad. The strategic alliance was forged between TCL and Cemex of Mexico; WASA and Severn Trent.

2.30 p.m.

I was so pleased to hear the Minister come here and put out a case—better than any PNM Minister has ever done, and I must congratulate him—setting out why Severn Trent was brought in—excellent—so that the national community is now aware of the situation with respect to Severn Trent; that in spite of all the criticisms, there is no underhand deal. It is above board; putting the thing right, knowing that certain initiatives are critical if we are to move forward; that, in fact, if we have to attract investors, then we must have efficient public utilities; we must have an adequate supply of water.

One of the embarrassments I have had as a Minister is after the divestment of the Fertrin and Urea, about two weeks later the CEO came to see me and told me that over the last 22 days he had "x" number of outages and could not get water for so many days. This was a new investor to Trinidad. We were out there busy. We had TIDCO talking up investment. We had the Minister of Foreign Affairs going about the place talking about, "come to Trinidad." And you get the investor here and he says, "but there is no water; there is no electricity." So we knew that

we had to get it right, and that is critical. So that is all part of it. Forming strategic alliances is, of course, the way of the world today.

Mr. Speaker, I think I have dealt with most of the items I want to deal with. There are one or two—just quickly—on the TTMF, the Trinidad and Tobago Mortgage and Finance. My colleague, the Member for La Brea, dealt with that, but let me just say again, if we want to encourage housing; if we are aware there is this housing gap, and if, as the Minister of Housing says that, really, what he wants to do is to provide sites and allow people to build their houses, then we must know that we have to support an institution such as TTMF.

What we did last year or year before, we liberalized the interest rate of TTMF, allowing for some flexibility, tying it to the prime rate rather than the fixed rate. But there must be some place that the lower income taxpayer can get a mortgage at a sub-market rate. That is what TTMF is. In the old days, the Government used to be financing TTMF with \$50 million, \$100 million and so on. At present, if all you are giving is a tax exemption on borrowing, I think that is a course that you will want to follow, otherwise you would realize that there is a higher cost in funding houses for that lower income, or even middle income taxpayer. Similarly with the credit union.

So that again I want to ask the Minister of Finance to look at that. Of course, for my constituency, again, like my colleague from Diego Martin West, there are those two schools, one in Carenage, a primary school, and a secondary school that was earmarked for Cocorite. They are not now in the estimates. Provisions were made in previous years for them, and we are asking that the Minister look at that.

I want to make the point also that the capital expenditure programme which is stated in the draft estimates at \$1028.8 million has been reduced in the Minister's budget statement to \$810 million. Now there is no indication anywhere of the projects that would now be taken out of the programme. I would hope that before we get to finance committee, within that overall guideline of openness and accountability, somebody would tell us what are the projects which will now not be funded this year under the capital expenditure programme.

Even the PSIP talks of a figure of \$1028 million. Draft Estimates of Expenditure under Development Programme—\$1028.8 million. The Minister, in his budget statement, at page 16, talks of a capital expenditure programme of \$810 million. I am saying that we need to know what are the projects that would not now be taken into consideration.

Appropriation Bill (Budget)
[MR. VALLEY]

Tuesday, January 16, 1996

My successor has made a few comments on the Hong Kong trip. I just want to tell him, really, as the Minister, he will hear the hype, but forget the hype; there is the report at the Ministry. The Permanent Secretary of the Ministry was on that trip. There are a number of initiatives which are in the works. Please follow them up. Forget the hype. There are some serious gains that could come out of that Hong Kong mission. There is the report. The Permanent Secretary is there, and it would come to nought only if you do nothing. I just want to leave you with that.

As you know, Mr. Speaker, I am the only speaker on this side today, because last night when the Government folded at 8 o'clock, every one of our speakers made his 75 minutes contribution up to 7 o'clock this morning. I should tell you, we were without the elders of the Parliament. Of course, we understand; they needed their sleep. They could not stay with us and we forgive them.

With these few words, I thank you most sincerely and I want again to apologize. I did not want to belittle your office.

The Minister of Health (Hon. Dr. Hamza Rafeeq): Mr. Speaker, I stand here this afternoon from the Front Bench to support the budget proposals made by the hon. Minister of Finance and to congratulate him for presenting what is essentially a people's budget so soon after coming into office. We regard a budget as not only an exercise in accounting but in keeping with the philosophy of this Government we have, as the hon. Minister read in his budget presentation, put people at the centre of growth and development. In pursuit of this philosophy, a substantial amount of Government's revenue has been allocated for social services, including the health sector. My contribution will concentrate on some of the measures this Government will be adopting in the health sector for 1996 and in the medium term.

In January 1994, the Minister of Health, in piloting a Bill in this honourable House to establish the Regional Health Authorities began his contribution by saying, and I quote:

"Members are aware that all is not well with the state of the health sector. The public is not happy and complains of staff attitudes, long waits, poor facilities and lack of drugs, among others."

This is indeed the greatest indictment against any government coming from a member who was serving in his second term of office as Minister of Health in a government which was in power for 33 of the previous 38 years. Be that as it

may, however, the situation today, two years later, is no better and in fact more chaotic than described by the Minister two years ago.

We have outlined the vision of the Ministry of Health to be "to improve the health status of the population through effective preventative measures, health education and primary care, and to provide quality health care at affordable prices to every citizen of Trinidad and Tobago".

Our short and medium term goals towards the realization of this vision include:

- (a) creating an awareness among the population on matters of health, and disease prevention, through an aggressive health education programme;
- (b) collaborating with the Ministry of Sport and Youth Affairs, the Ministry of Education, the Ministry of Social Development and the Ministry of Community Development and Women Affairs in promoting healthy lifestyles;
- (c) improving some of the key indicators in the provision of health care, for example:
 - (i) reducing waiting time at the accident and emergency departments and in clinics;
 - (ii) reducing waiting time for surgical operations;
 - (iii) reducing overcrowding at hospitals;
 - (iv) increasing the availability of pharmaceuticals;
- (d) introducing a system of handling patients' complaints and patient relations.

To achieve these goals the following measures will be undertaken within the constraints of the budgetary allocations.

The Government of Trinidad and Tobago supports the idea of decentralization of the administrative functions of the Ministry of Health in order to make the delivery of health care more efficient. This has been clearly stated on many previous occasions and reiterated in our *Medium Term Policy Framework* and in the budget speech itself.

Appropriation Bill (Budget)
[HON. DR. H. RAFEEQ]

Tuesday, January 16, 1996

However, the present decentralization effort which was initiated by the previous regime has several deficiencies, some of which are just emerging. Some of these deficiencies have far-reaching implications for the country and need to be addressed as a matter of urgency. The Cabinet, while supporting the concept of decentralization has appointed an inter-ministerial committee to review the existing method of decentralization and to make recommendations. This committee will be reporting to Cabinet in about two weeks' time.

Mr. Speaker, we cannot hope to take the health care delivery system forward unless we cater for the development of the human resource base within the health sector. The Ministry therefore is committed to the training of several categories of staff in the health sector and this will be further augmented in collaboration with the University of the West Indies. In addition to providing training in traditional areas, some basic training will also be given to hospital attendants, wardmaids, drivers and other categories of staff who have not benefitted before from such training. Training for all categories of staff will be aimed at achieving a high degree of professionalism, understanding of, and sympathy toward patients and relatives and patient satisfaction.

We boast in Trinidad and Tobago of a highly literate and intelligent population. However, the majority of our citizens are woefully ignorant about matters affecting their health. Studies have shown that in Trinidad and Tobago one out of every ten adults is diabetic and one out of every four, hypertensive. Every day the adult medical wards and clinics of our major hospitals are overwhelmed with patients overcome with manifestations of these two diseases, for example, eye disease progressing to blindness; heart disease progressing to heart attacks and heart failure; kidney disease progressing to kidney failure and lower limb disease progressing to the need for amputation.

In addition to these, there is a high incidence of diseases related to cigarette smoking, poor nutrition, lack of exercise, social misadventures like substance abuse, and sexually transmitted diseases.

Many of these diseases or complications can be prevented or postponed. Yet there are many patients who are dying every year or who are victims of these complications and who are exerting severe pressures on the nation's health resources.

As a first step toward addressing this situation, the Ministry of Health plans to launch an aggressive health education programme in 1996 which will target the

entire population from as early as primary school children. The programme will include:

1. In conjunction with the Ministry of Education, including certain aspects of health education as compulsory items in the syllabus in both primary and secondary schools.
2. Sponsoring in conjunction with the Ministry of Education health competitions in primary schools on a county basis.
3. Sponsoring in conjunction with the Ministry of Education a television quiz on health matters in secondary schools.
4. In conjunction with the Ministry of Community Development, organizing lectures on health matters at the level of the community involving the village councils and different community organizations.
5. Having short but frequent lectures on the relevant health issues at the various health centres and clinics.
6. Organizing, in conjunction with non-governmental organizations, four major health fairs one each in North, South, Central and Tobago highlighting proper and healthy lifestyles.

I now come to another important area of health care delivery, that is the infrastructure. In 1996, the following developments are proposed to take place.

Recently the newspaper reported something to the effect—and I am sorry that the Member for Diego Martin East is not here—that the Member of Parliament for Diego Martin Central was quoted as saying that this Government should not take credit for projects done by the last regime and I have no doubt that the Arima health facility would fall in this category. I would like to say to this honourable House that I have no intention of taking credit for the construction of the Arima health facility because while I am extremely happy that the people of Arima and its environs are finally getting a facility that is long over due, the Arima health facility will stand for many years to come as a symbol of the waste and mismanagement of the former Government.

Construction of this facility commenced in October 1992 at an estimated cost of \$29 million and an expected date of completion in October 1994. Today, in January 1996 after an expenditure of \$40 million, this facility is still to be completed. However, a certificate of Practical Completion was issued by the consultants to the contractor in February 1995, even though a substantial portion

Appropriation Bill (Budget)
[HON. DR. H. RAFEEQ]

Tuesday, January 16, 1996

of the work was still to be done. May I add that the government agent in this project was the Ministry of Works and Transport of the Government of the Republic of Trinidad and Tobago. I therefore wish to take no credit for this project.

In 1996, the Ministry of Health proposes to complete this facility and to commission the Accident and Emergency Department and the clinic facilities.

The past regime constructed the Mayaro District Hospital and it is now almost complete. I give them full credit for this. However, the advice of people who are intimately connected with the health sector was that such a facility should be located at Rio Claro instead.

The catchment population for Rio Claro is 27,000 persons while the catchment population for Mayaro is about 8,000.

2.50 p.m.

Again, Mr Speaker, I have no objection to the people of Mayaro getting an upgraded facility, and the Ministry plans to acquire the equipment and staff and to commission this facility in 1996. This will be done in conjunction with the oil companies which have been operating in that area.

Mr. Speaker, between Mayaro and San Fernando there is urgent need for a district hospital facility. Princes Town has been neglected for a long time in terms of health facilities and this Government plans to begin construction of the Princes Town Hospital in 1996. This facilities will impact very significantly on the health care of the citizens of a very large area.

The story of the Couva Hospital is a long and sad one indeed. For about 30 years there have been promises for a new hospital in Couva. These promises kept the residence of Central Trinidad in a constant state of optimism for a long time. This optimism, however, gradually turned to frustration and promises are now met with contempt and cynicism.

Mr. Speaker we have had discussions with PLIPDECO on behalf of the tenants of the Point Lisas Industrial Estate as to their requirement for a health facility and also in terms of what their inputs are likely to be in such a facility. I will like to announce here this afternoon that construction of the Couva district hospital will commence in 1996, and I assure this House, and the residents of Central Trinidad, that this is not a false promise.

Mr. Speaker, the Barataria Health Centre was gutted by fire a little over a year ago. This has caused untoward hardship on the residents of that area, who now have to seek medical attention elsewhere. I find it alarming that the past regime could have spent \$40 million on the Arima health facility and not \$100,000 or \$200,000 to ease the plight of the people who access care at the Barataria Health Centre.

Our engineers together with the engineers from the Ministry of Works and Transport have evaluated the building and made recommendations to have the building refurbished and ready for use in a short time. This project is being given priority and work is due to commence shortly.

Construction of the new wing at the San Fernando General Hospital has been completed. A small section of the new wing has already been commissioned and much money is required to continue the commissioning process. The sum of \$5 million has been allocated for this process and commissioning is being done on a phased basis. May I point out to this honourable House that San Fernando General Hospital has the highest occupancy rate for any hospital in Trinidad and Tobago—an occupancy rate of about 90 per cent.

Some improvement work is proposed to be done on the Port of Spain General Hospital in 1996. Work is scheduled to be done on a priority basis and the sum of \$3 million has been allocated for this.

The hospital in Sangre Grande plays a very important role for the entire population in the north eastern part of Trinidad. Money has been allocated for upgrade works to be done at this hospital.

In addition to the projects mentioned, refurbishment works will be carried out on a number of health centres around the country.

Mr. Speaker it is the intention of this Government to have at least one fully-functioning 24-hour health care facility in each county in Trinidad and Tobago. This will be backed by an efficient ambulance service which will cater for the proper accessing of health care for patients who wish so to do.

Mr. Speaker, Tobago is a special case and development works in Tobago will be done through the Tobago House of Assembly. At present, the Government of Trinidad and Tobago is aware of the deplorable state of the health services in Tobago where citizens have to undergo severe hardships in order to access proper medical care. This Government cannot allow this situation to continue for very

Appropriation Bill (Budget)
[HON. DR. H. RAFEEQ]

Tuesday, January 16, 1996

much longer. In 1996, the Government will offer to the people of Tobago whatever relief is necessary in order for them to access better health care.

In 1996 funds have been allocated for the design and planning of a new general hospital and construction work for a new Scarborough General Hospital, with all the facilities of a general hospital, will commence in 1997.

Cancer is the commonest cause of death in women in Trinidad and Tobago and the second commonest cause of death for men. The incidence of cancer is indeed very high and this makes it mandatory for any Government to provide proper facilities for the treatment of the victims of this disease.

At present, radiotherapy treatment is carried out at the St. James Radiotherapy Centre. There are two radiotherapy machines at St. James, one is 21 years old and the other 19 years old, and the technicians have now refused to repair them since they are no longer serviceable.

Mr. Speaker, it will be prudent to relocate these services at the Mount Hope Hospital where all the ancillary services are already located. In 1996 the Government plans to purchase two new Cobalt radiotherapy machines and locate them at Mount Hope.

I would like to assure the national community that the patients who access these services would continue to do so on the same basis that they are receiving them at present in St. James.

Before this can be done, some infrastructure work will have to be done to prepare for housing these machines. I will like to serve notice to the corporate citizens of Trinidad and Tobago that they will be approached to assist in the purchase of a Linear Accelerator machine for use at the Centre in order to make the Oncology Department at Mount Hope a leading cancer treatment centre in Trinidad and Tobago.

While I am on this, I will like to deal with the question of the Mount Hope Hospital or the Eric Williams Medical Sciences Complex. The complex was built at a cost of \$800 million. The hospital itself can accommodate 550 beds, but at present there are only about 75 beds in use. The Mount Hope Hospital operates on the basis of fee for service and the fees charged are comparable, or slightly lower, than the fees charged at the private nursing homes. At present, the Government gives a subvention to the Eric Williams Medical Sciences Complex

of about \$20 million per year and it earns about \$35 million per year through the fees it charges.

This situation needs to be reviewed. I have appointed a committee of six persons under the chairmanship of the Chief Medical Officer to review the situation at Mount Hope with a view to commissioning the rest of the hospital on a phased basis, as soon as possible and to make recommendations on how best these services can be made available to the general population. The University of the West Indies, through its medical faculty, is represented on this committee and has pledged its full support and assistance in the commissioning of the hospital.

3.00 p.m.

Mr. Speaker, an area of concern has been the proper staffing arrangements at some of the Government institutions. There are some disciplines that are more affected than others. For instance, the paediatric department at the Port of Spain General Hospital is seriously affected, but there are also many other areas which do not have their full complement of staff.

The interest shown by junior doctors in some disciplines is not very high and the Government may have to consider awarding fellowships in some of these disciplines to encourage some of the junior doctors to specialize in these areas. In the interim, however, the recruitment process will continue with a hope of bringing the establishment to its full complement as soon as possible, not only in the area of medical doctors but in all categories of staff. Efforts will also be made to improve the staffing arrangements at the Accident and Emergency Departments of the major hospitals in an effort to give prompt attention to patients utilizing these services.

Another area that requires urgent attention is the length of time people have to wait to have surgical operations performed. At present, for example, there are about 1,000 persons awaiting surgical operations for cataracts. Some of them are being given appointments for up to three years.

I have held discussions with some of the ophthalmologists in this country and I will soon be meeting with the Ophthalmologist Society of Trinidad and Tobago to discuss the situation. At this point, however, I am pleased to announce that some ophthalmologists have already volunteered their services and are willing to operate, in addition to their normal schedules on 500 additional patients with cataracts in 1996. I pledge the Ministry's fullest support in this effort and wish to thank them publicly for their very kind and humane gesture.

Appropriation Bill (Budget)
[HON. DR. H. RAFEEQ]

Tuesday, January 16, 1996

There are other areas of surgery in which people are having great difficulty in securing early appointments. There are surgeons, however, who have indicated their willingness to assist in clearing the backlog and soon, the Ministry of Health will be embarking on a programme of same-day surgery in the major hospitals so that patients requiring minor surgery will not have to wait very long.

Another area of concern is the lack of pharmaceuticals at the Government institutions. NIPDEC is the agency that is responsible for the procurement, storage and distribution of pharmaceuticals to the Government institutions. Many complaints have been received from members of the public regarding the inability to access pharmaceuticals at the hospitals and at the health center clinics.

I assure the national community that the entire situation will soon come under comprehensive audit, and if necessary, improved arrangements will be put in place.

There are several pieces of legislation which are in need of urgent updating or enacting. The Government will be looking at these with a view to bringing them to Parliament and high on this list is the Tissue Transplantation Act. [*Desk thumping.*]

The ambulance service in Trinidad and Tobago needs to be upgraded. In 1996, the process will begin and it will continue in the medium-term. Ambulances will be equipped with proper facilities as are required and will have trained personnel to deal with the emergencies.

Mr. Speaker, I mentioned earlier the question of patient relations and complaints handling. The Ministry would like to introduce a system for handling patients complaints at the public health sector institutions. A patient relations desk will be set up initially at the hospitals, and staff will be available there to assist patients in meeting their needs.

If a patient has a complaint or needs advice or has a suggestion, the staff at the patient relations desk will take the information and assist in whatever way possible. The staff will ensure that the information given is treated with the strictest confidence. Training of a team of persons who will act as patient representatives to improve the system will commence on February 12, 1996 and the programme will be launched on March 1, 1996. March 1996, therefore, marks the start of our journey for quality. I would also like to announce that as soon as the proper systems are put in place, a hotline would be introduced to deal with patients' complaints.

The Government of Trinidad and Tobago makes a substantial contribution to the administration of many voluntary organizations, one of these being the Princess Elizabeth Home for Handicapped Children. This year the allocation was increased to \$250,000. However, over the past few years there have been numerous complaints and public outcry against the administration of this institution. At the Ministry of Health a large file of complaints against this institution exists.

The Government wishes to assure the public that this matter will be given early consideration and, if necessary, relevant legislation would be brought to Parliament. The Government has also allocated an increased sum of money to the Lady Hochoy Home to the tune of \$406,000. It has also increased its contribution to the Tobago Council for Handicapped Children.

I have touched on some of the improvements that we hope to achieve in 1996 and the medium term. However, we can never hope to achieve the improved health status that we wish for unless we concentrate on areas of disease prevention and primary health care.

I have outlined some measures that the Government will take in dealing with these. Most of the responsibility will rest with the individuals themselves. So, I say to this honourable House, and indeed, to the national community, to adopt healthy lifestyles so that we can prevent some diseases and complications and postpone others. If we do this, we will not only be reducing the cost of health care but we would be in a position to enjoy good health care for a longer period of time and an improved quality of life.

Mr. Speaker, these are the goals the Ministry of Health has set itself for 1996. Are these goals realistic? Can we really achieve all that I have mentioned during 1996 or am I being naive in expecting too much, or am I going the way of some politicians and making promises that I know that I cannot keep?

Before I answer, let me take this opportunity to thank publicly the staff at the Ministry of Health and, indeed, all the workers in the health care sector for the job that they have been doing. Most of them have exhibited a high degree of professionalism in their duties and I have received good support and cooperation from all categories of staff. [*Desk thumping.*] If I can have the continued support and cooperation of the staff and all workers in the health sector in 1996, I have no doubt that we will be able to achieve the goals we have set ourselves. I, therefore, ask the Members on both sides of the House—I am sorry Members opposite are

Appropriation Bill (Budget)
[HON. DR. H. RAFEEQ]

Tuesday, January 16, 1996

not here—and the national community to join and to cooperate with us in achieving a better standard of health care for all our citizens.

All of us can be winners, because ultimately, all of us are individuals responsible for our own health.

I thank you, Mr. Speaker.

The Minister of Sport and Youth Affairs (Hon. Pamela Nicholson): Mr. Speaker, it is an honour and a privilege for me to stand in this honourable House and make my contribution to the 1996 budget debate on behalf of the most important group in the society, the young people of Trinidad and Tobago.

I am so sorry that the important people I wanted to deal with are not here, but they will get the message. In addition, as the Minister with responsibility for sport and youth affairs, and a person who has witnessed first hand the positive and far-reaching impact of sport on the lives of our people, I strongly advocate the use of sport, not only as a physical measure of success and excellence, but as a developmental tool in the society.

3.10 p.m.

Sport and youth development are essential elements in the promotion of human progress and national development touching every facet of the population. Sport and physical activity are positive alternatives to anti-social behaviour, youth development, and through social education prepares young people for the transition to adulthood.

This UNC/NAR Government recognized and publicly reiterated on our platforms and documentation that this nation is in crisis. This Government was articulating and giving voice to the loud cries of hurt and anguish of our people—which were being totally ignored by the last Government—and gave token recognition of them in the campaign run-up to the elections. We promised the people that we would deal comprehensively with the root causes of crime especially in the areas of crime prevention and crime suppression. I stress that it is not only the Ministry of Sport and Youth Affairs that will be dealing with this issue, but also the ministries that the social ills affect, such as the Ministry of National Security that will be dealing mainly with the suppression, the Ministry of Social Development and the Ministry of Education. They will be functioning in an integrated fashion to address this problem.

Current trends show that crime, drug abuse and other forms of anti-social behaviour together with unemployment continue to erode the fabric of our youth population. It is my view that we have lost two or three generations. It is therefore incumbent on this Government, the private sector and all other non-governmental organizations, particularly those associated with sport, to bring a halt to this devastation and to struggle to rehabilitate as many as possible from the lost generations.

Let me share some of this data with you. The youth population between the ages of 15–25 years is 220,000; 95 per cent of criminal activity is caused by youths in the age group 15–25 years; the high risk group for males involved in criminal activity is 13–25 years; 35.9 per cent of boys (school leavers) in the age group 15–19 years are unemployed; 4–5 per cent of students are at risk through regular use of cocaine; 53 per cent of persons in prison are between the ages 15–25 years and violent crimes for which persons between the ages 15–25 years have been charged totalled 667 in 1995. There have been crimes such as murder, attempted murder, wounding and shooting with intent, rape, sexual offences and robbery. Our evidence has come from the *Report on Examination of Juvenile Delinquency and Youth Crime Situation in Trinidad and Tobago, 1994* and the Ministry of National Security. Let me hasten to say that this situation that I have described is not a no win situation. All is not lost. Research has shown that sport and physical activity can be used as preventative mechanisms for minimizing or reducing risk factors that lead to anti-social behaviour.

The Member for Toco/Manzanilla made a good effort in his presentation. I think his effort was commendable. It is a classic example of the adhoc hodgepodge manner in which the previous administration dealt with sport. When I heard the Member for Toco/Manzanilla argue some of the same points, I was alarmed that he had not given his so-called creative ideas to the former Minister of Sport and Youth Affairs during the last term.

The only strengthening of the institutional framework for sport was the establishment by the NAR government in 1988 of the Sport and Culture Fund under the then Ministry of Youth, Sport, Culture and Creative Arts.

I would like the Member for Toco/Manzanilla to take comfort in the fact that one of the new sport programmes which I will identify in my presentation will cover not only his individual struggle in his constituency, but also the constituencies of the UNC/NAR and even the PNM all over the country. He also

Appropriation Bill (Budget)
[HON. P. NICHOLSON]

Tuesday, January 16, 1996

spoke about sport as an industry and sport tourism. We recognize those areas and we are addressing them.

The Ministry of Sport and Youth Affairs is perhaps the most important agency in the country to address the crime crisis since a large percentage of our young people are involved and implicated in this culture. Remember I said that 95 per cent of criminal activity is caused by youths in the 15–25 age group. Sport must be viewed as a vehicle for the holistic development of individuals as it promotes organic fitness, healthy living and wellness, self-discipline, better community relations and assists in the socialization process of young people.

Sport must also be viewed as an economically viable pursuit which contributes to international prestige.

3.20 p.m.

Mr. Speaker, you may well ask, or the obvious response to my last statement may well be: Is the Ministry of Sport and Youth Affairs so important? Because you get the impression that people in Trinidad and Tobago do not recognize the importance of a ministry called Sport and Youth Affairs.

Let me summarize my earlier statements. Sport and youth programmes and projects are the preventative and fostering elements of our developmental approach, moving our young people from the path of self-destruction to being strong, disciplined and healthy and contributing to the society in a positive way. They are our human resources, and tomorrow they will be taking care of Trinidad and Tobago.

Permit me, however, to give an insight into the situation that I met at the Ministry of Sport and Youth Affairs. I found a ministry that was emasculated and stripped of all its significant programmes. Its responsibilities had been eroded and denuded. Emasculated by whom? By the former Prime Minister and Leader of the Opposition.

The Ministry of Sport and Youth Affairs, over the period 1991—1995 was given the mandate of youth affairs nationally. Yet, despite the responsibility for the Youth Training and Employment Partnership Programme (YTEPP)—that was a programme that was developed within the confines of the Ministry for Youth Affairs—and the National Youth Development and Apprenticeship Centres were all removed from the ministry and handed over to the Ministry of Education.

The PNM Government disintegrated its youth services in its wisdom, without any serious consideration for its young people and their needs.

Under the previous government, there were two agencies dealing with sport, namely, the Ministry of Sport and Youth Affairs and the office of the Prime Minister, under which sport was developed to hurt the Ministry of Sport and Youth Affairs. Under the office of the Prime Minister, the Holistic Youth Development Programme was conducted. This project sought the establishment of an organization with the responsibility for the holistic development of young people between the ages of 6—16 years. Instead of that section being set up within the confines of the ministry, it was set up under the Prime Minister to undermine and to hurt the Ministry of Sport and Youth Affairs.

Moreover, amendments to the Sport and Culture Fund Act ensured that its board reported to the Prime Minister. Mr. Speaker, they butchered sport and a piece was even hacked out to the Ministry of Community Development. I refer here to the village Olympics.

Certainly, these policy measures of the PNM Government lacked vision and for the most part have been a recipe for chaos, duplication and conflict. When I say, duplication, take for example, youth affairs, that was scattered all over the place. Money was being spent but there was no cohesive approach that one could analyze or monitor and know what was happening to the money that was spent by the Government. There was no focus for youth development nationally and there was little consideration of the advancement and welfare of young people of Trinidad and Tobago.

In respect of sport, duplication created conflict and eroded the relationship the Ministry had with its clientele. All the major sporting organizations refused to relate with the Ministry of Sport and Youth Affairs. Their relationship was with the Prime Minister's office where they received any funding that they needed. I am pointing out these things because the emasculation of the ministry means something which I will deal with later.

In terms of sporting facilities, a grant of \$2.0 million ECUs under LOME IV was received by the former government from the EEC for the establishment of sporting facilities within Trinidad and Tobago. I repeat, the funding was a grant given to the Government for the people of Trinidad and Tobago. But the caring PNM Government concentrated all the new facilities in Trinidad and absolutely no consideration was given to the needs of the people of Tobago.

Appropriation Bill (Budget)
[HON. P. NICHOLSON]

Tuesday, January 16, 1996

I have advocated and will continue to insist that any grants received by the Government for the people of Trinidad and Tobago, a certain percentage must be allocated to Tobago. For example, four indoor sport halls were built and not one for Tobago. I will even go further to identify the political way in which they functioned. They did not take the young people of Trinidad and Tobago into consideration in totality. There was not a total spread to benefit all the young people of Trinidad and Tobago.

Let me continue to share with you my findings on the four indoor sport halls. They were for Tacarigua, Chaguanas, Pleasantville and Point Fortin. All were started in 1995, except for Chaguanas. It is now left for this administration to begin construction in 1996. So the representative for Toco/Manzanilla must appreciate what we are talking about. He said he was very young and has all the legal minds that he needs. Anyhow, we would not get into that.

Further, in October 1995, just about two or three weeks before the election, the last government agreed to the construction of two 25m swimming pools, with associated facilities. Where were they put? In one constituency, at La Horquetta and Maloney. Additionally, the former government agreed to the completion in 1996 of an indoor sporting facility to serve these said communities.

Why am I speaking about that? Swimming is a sport that the young people are really going after these days. There are three government swimming pools, one in Sangre Grande, one in Couva and one in Diego Martin. There are also some private ones in Port of Spain, UWI, Mount St. Benedict and Tacarigua, to name a few. I feel that if you are going to build two, they should not be alongside each other, because the people of Maloney could go to La Horquetta to use that facility, and if the other area gets the indoor sport hall, all the people in the surrounding districts can use it. The hall could have been put somewhere in Princes Town or Siparia, or any of those areas so you get the young people of those areas involved also.

3.30 p.m.

We also recognize that sport can be used as an industry and in our budget for 1996 we asked for funding for two 50-meter international swimming pools, one for Trinidad and one for Tobago.

Mr. Speaker, we say this because sport helps tourism; that is why Tobago was given the consideration, because of the development of tourism. There is a beautiful programme in Barbados, a very economical process whereby when it is

cold in temperate countries those people can go to Barbados and spend their money. The local people could use the swimming pool and also make much money through tourism.

Mr. Speaker, in Trinidad we had a little problem in that everybody was fighting to say where the pool should be sited. That is why we have to do the feasibility study that I spoke about. We have no fight in Tobago.

I found another problem. I do not think enough thought was given to these areas. The Ministry of Sport and Youth Affairs was not allowed to run the business of the Ministry. It was dictated from the Prime Minister's office. So, the indoor-sports hall was given to the National Gas Company to construct; the Woodbrook Youth Centre was to be managed by the National Petroleum Company and the Sangre Grande Pool was serviced by the Methanol Company. I have many concerns with that.

While it is recognized that state enterprises handled their tendering process quicker and their usage is perceived as better and faster, there have been many problems to have these projects constructed. It is a gas company they have given the swimming pools to.

Lack of proper siting investigations prior to designs resulted in further problems at construction. Further, contractors were not being provided with complete design documents, especially when changes are made to designs. Also a lack of information reports on progress made or lack of progress, timetables and cost overruns.

Mr. Speaker, the misconception that the use of state enterprises is better than project management is indeed a contentious one for the following reasons:

- (a) Ministerial projects compete for attention with enterprise's in-house projects; lack of attention manifests itself in poor and ineffective designs, cost overruns and long delays.
- (b) Architects are employed to perform the project management function; client/architect contact is minimized and results in design problems.
- (c) State enterprises insist that they are paid up front and early in a project. In cases where all the money is not available, state enterprises do not work.

So, like the indoor sport hall, they have been given all the moneys for those projects already. It is not a situation where as you construct it is monitored to see

Appropriation Bill (Budget)
[HON. P. NICHOLSON]

Tuesday, January 16, 1996

that everything is done in the way it should be done then you pay a certain portion, they demand all the moneys; so they may have all the money and we have not received our indoor sport hall as yet.

Mr. Speaker, particularly focusing on youth affairs, I found a situation that was not very encouraging; an absence of a vision for youth resulted in no significant projects being proposed for youth development in 1996 that dealt with the pressing needs of young people. Youths, as this honourable House is aware, are especially vulnerable to societal economic crisis and volatility, high unemployment, distress, social conditions, poor health, limited educational opportunities, poverty and crime. Young people now face complex problems and reversals. They need support and guidance. In addition to the programmes not being proactive, the problem is exacerbated by inadequacy of human resources for youth development.

Mr. Speaker, the youth population in Trinidad and Tobago, as I said, totals something like 220,000. The average ratio for the youth officers in the ministry is one youth officer to 20,000 youths. Additionally, the officer is required to carry out the following functions:

- (a) Organize young people into formal groups, advising and assisting them in their activities and promoting participation in inter group activities.
- (b) Design and implement training and leadership development programmes.
- (c) Registration of youth groups.
- (d) Advise young people and make referrals.
- (e) Co-ordinate district projects.
- (f) Inform public of the Ministry's programmes.
- (g) Provide data collection and need assessment for various projects of the Ministry for youths. The human resource needs and utilization staff in terms of youth development must be re-examined.

Mr. Speaker, let me now turn to YTEPP. The Youth Training Employment Partnership Programme has had some success and I would talk about that. As stated in the World Bank's report for 1994, the demand for places in the YTEP Programme was 41,461 and they chose 37,000. About half of the employed felt

that their YTEPP training was useful in their present job. Specifically 43 per cent of the wage-employed felt that the vocational skills training they received at YTEPP assisted them in their work and 59 per cent felt that career enhancement was useful.

Among the self-employed graduates, 22 per cent are sales and services workers, elementary occupations, notable hairdressers and beauticians, 21 per cent work in textiles/garments industry and 21 per cent work with metal crafting and machine tools.

Mr. Speaker, the World Bank was highly complimentary of this programme. What did the last regime do? In 1993 when they removed YTEPP from under the Ministry of Sport and Youth Affairs to the Ministry of Education, they were hardly given space in which to function. The individual responsible for the structuring and development of the programme was told to go home because that individual was not on their side.

These are the problems we had with the last government. They were not concerned with all the youths of Trinidad and Tobago and their development. They were not concerned with dealing with the crime situation by developing programmes for the young people who are bent in that direction. They were concerned about keeping their seats.

Mr. Speaker, I hasten to reassure you that the emasculated situation within my Ministry is not irretrievable. My Government would pursue an aggressive and dynamic programme to reverse the scattered and debilitating approach pursued by the last Government in dealing with this situation of youth in Trinidad and Tobago.

My first step is to set up a task force to assist in the restructuring of the Ministry to meet the increased demands for its services.

3.40 p.m

Let me assure my hon. colleagues that the work of the Ministry will continue *in tandem* with the work of the task force. We believe that the Ministry of Sport and Youth Affairs must be the lead Ministry in terms of the developmental programmes for young people. Therefore, we will make sure that we organize ourselves with the other Ministries in an integrated fashion for the advancement and development of the young person.

Appropriation Bill (Budget)
[HON. P. NICHOLSON]

Tuesday, January 16, 1996

One of the major areas the task force will have to address is the human resource needs in the Ministry. The task force will also review the role and focus of the ministry and its impact on national development with a view to creating employment and minimizing the effect of dysfunctional behaviour.

The ministry's role in the development of programmes to prevent substance abuse among its youth clientele and rehabilitating those involved will also be examined. Mr. Speaker, we are scattered all over the place. The Ministry of Social Development also deals with drug abuse; also the Ministry of Education. That is why we must come together in an integrated fashion to deal with it.

Money is being spent, but it is scattered all over and one is not able to look at it in a cohesive fashion, so we must come together to address the situation.

One of the responsibilities would be the establishment of the National Training Programme referred to in the budget by the Minister of Finance. We will make sure that is addressed in 1996. We also intend to set up a special programme in the Ministry of Sport and Youth Affairs. My Ministry also recognizes that there is a critical need to pursue urgently the development of new proactive programmes which would release the potential of our youth and increase mass participation with quality training in sport. However, there has never been established in this society a policy framework for the effective operation of these two critical subjects, youth and sport.

Accordingly, in collaboration with our social partners, we propose to develop a youth policy and a sport policy. The vision of the Ministry of Sport and Youth Affairs is a shared vision which allows for participation and commitment by all our stake holders: youth, community sporting fraternity, private sector, voluntary sector and other government agencies; all must come together to deal with this programme.

There is a programme for 1996, the Super-five Community Sport Development Programme. This would deal with two bands of young people, 15-17 age group, when they are now getting into trouble and turning in a certain direction, and the group 17-19, those on the blocks who believe there is no hope. We believe that there is need for us to organize a special programme. That programme is what we call the super-five development programme.

The areas we are going to address in sport are: track and field, cricket, football and netball. After our survey, these areas were chosen. The other areas in sport will continue in the regular way. This is a special programme and it was

chosen by the mass participants in sport when the survey was done. These were the areas that we came up with. The ladies will be involved in netball and basketball. Track and field will also be there. The young men will be involved in track and field, cricket, football, basketball. This is a five-year programme targeted as I said, to the 15-19 year old in the communities and will include skills development, team play and remedial sessions in communication, literacy and numeracy skills.

Mr. Speaker, we are not only dealing with one part of the country, it will be throughout Trinidad and Tobago. The catchment areas in St. George East, St. George West, Caroni, Victoria, North Eastern, South Eastern areas, St. Patrick and Tobago. We are addressing all the young people of Trinidad and Tobago.

It is expected that in the first year 24,000 persons will participate in this programme with an annual growth rate of 10 per cent for the subsequent years. Total funding for the project over the five years is estimated to be about \$10 million. It would be the major sporting organizations and the private sector. We expect help from the private sector because all of us are imprisoned in our homes. We are imprisoned on the job. We are tense. We cannot allow the young people to be out there saying that nobody cares. I am sure that the private sector will participate in this beautiful programme with the Government and the national sporting authorities to make it a success.

The Ministry, mindful of its responsibility to the wider community, has also developed another programme which I cannot leave out—the Mall Ball Programme. This programme is based on the concept of using the malls throughout Trinidad and Tobago to conduct recreational programmes for mall visitors in general. It is recognized that existing recreational facilities at malls cater for younger kids, but young people in particular, are attracted to malls for particular reasons apart from shopping. These include to meet other young people, to lime and to recreate.

Given the popularity of malls by young people and others, it seems ideal as a catchment area for recreational facilities and purposes. A survey will be conducted to:

1. determine frequency of visits by young people and others;
2. peak times of visits;

3. feasibility of establishing a recreational programme at mall sites and use of the mall for supervised recreational activities

The opportunity to take the mall ball programmes to the malls requires mall management approval. If approved, the arrangement will involve a joint approach between the Ministry of Sport and Youth Affairs and mall management in which the ministry will provide technical advice to the mall management who in turn will provide infrastructural needs for the programme.

In order to cater to both male and female, approximately 500 persons would be involved in this programme. The potential for growth in this programme is roughly estimated at 5 per cent per annum. The recreational programme will include aerobic, small goal football, basketball, netball. It should be noted that this is a recreational programme and will not be based on the characteristics of competitive sport. It would not be a structured programme rather, it would be an opportunity to meet their physical recreational needs in their spare time.

The Ministry, mindful of its responsibility to the wider community has developed a special programme for persons 25 years and over. This pilot project will provide low intensity aerobic fitness training in selected communities throughout Trinidad and Tobago, and will be conducted in collaboration with the Trinidad and Tobago Aerobic Fitness Association. It is envisaged that up to 500 persons will be involved in this programme. The potential for growth in this programme is roughly estimated at 5 per cent per annum.

3.50 p.m.

It is also proposed to conduct an intensive public awareness programme to sensitize the population of the benefits which can be derived from organized physical activity and regular exercise.

There are a number of other youth programmes with which we will be dealing. One of the problems which we have had with the emasculation process that impacted mainly on the youth section is that the people were disorganized and disoriented because all the areas that they developed were taken away from the Ministry and they were left in the battle and warfare that was taking place during the last term. While the task force is doing its work we have decided on youth employment through a district youth project programme, youth and drug project and review and continuation of existing programmes. We have decided to re-establish a national youth body. In Trinidad and Tobago there is no national youth body. The national youth council was destroyed by politics and we hope

that when we re-organize the young people of Trinidad and Tobago to seek their interest, there will not be that problem. We also want to provide a youth resource and information service to the people. We hope that our implementation will reach out to the young people of Trinidad and Tobago.

In conclusion, I met a very challenging situation in the Ministry. It is one that dictates that the staff and I pursue a vigorous programme of rehabilitation with a visionary outlook. I must say that for the weeks that I have been there I have enjoyed working with my staff. I think that we can do a very good job after our task force has reported. There are no problems with the staff. There are true professionals in the Ministry. I am confident that working together we can overcome all the challenges which we meet. There is a lot of hard, demanding work to be done. Time and the crisis with our youths in the society do not permit us to be distracted from our purpose. I believe that working with the Ministry of National Security, the Ministry of Social Development and the Ministry of Education we can do a very good job.

We have the will and the commitment. We invite all concerned citizens in our society, the youths, the business community, the Rotary Club, the Lions Club and the Chamber of Commerce to join us in the fight against crime, injustice and poverty. It is a fight that we must and can win if we work together.

Thank you.

The Minister of Planning and Development (Hon. Trevor Sudama): Mr. Speaker, I will be very brief this afternoon. I merely rose to respond to certain comments made on the Public Sector Investment Programme that were characterized by misinformation, mischief and distortion. As I look across to the Opposition Benches I see a very sad development in the politics of Trinidad and Tobago. I thought that after the elections there was a situation where the Opposition had a leader but no followers. Apparently, today there is neither leader nor followers. I understand they are wandering like political mendicants around the precincts of this Parliament Chamber and indeed they seem to have added a new meaning to vagrancy. I see two Members are still here. I compliment them for their commitment to duty on behalf of their constituents and their independence of spirit.

The Public Sector Investment Programme has been the subject of some misinformed comments. I wish to inform the House that this capital programme of the Government is a significant element of governmental expenditure. It has

Appropriation Bill (Budget)
[HON. T. SUDAMA]

Tuesday, January 16, 1996

been characterized by an inability over the years for the PNM government to implement projects which have been included in the programme.

There is a situation where in 1994, 79 per cent of the programme was implemented and this fell to 67 per cent in 1995. The Government has been fully aware of the factors which have contributed to the low level of implementation of the public sector programme. I find it a little difficult when the Members on the other side complain about this programme and the level of its funding.

I will highlight some of the problems which they have known over the years and which they have failed and refused to correct. There were delays in completing projects, preparation activity such as feasibility and institutional studies and designs. This has adversely affected the proposed health sector reform programme and the national highways programme. The Public Sector Investment Programme has been plagued by poor implementation planning particularly with respect to the preparation of project implementation schedule; manpower deficiencies particularly with respect to the following skills: preparation of terms of reference for consultancies and bid documents; evaluation of technical proposals; supervision of consultants; counterparting of consultants; processing of requests for releases and loan disbursement applications, meeting the accounting requirements of financiers and the monitoring of projects.

4.00 p.m.

Then over and above that you have had delays in procurement, especially in situations requiring the procurement of civil works and consultancy services. This has been the case with respect to the interim water supply projects in Tobago and the rural access roads and bridges programme. There have been delays in accessing funds from domestic private sources, for example, the supplementary primary school programme in Trinidad and the sewer treatment systems in Tobago.

We have had, as a result, the poor productivity of civil works contractors at certain sites; delays in the finalization of contract documents at the office of the Chief State Solicitor; delays in obtaining regulatory approvals; the tardy performance of WASA in the commissioning and maintenance of sewer treatment plants and T&TEC in the electrification of housing sites.

It is the duty of this Government to address some of these problems, to attract high level of critical resources for the implementation programme and to expedite the processes involved. There is also the problem of the remuneration packages to

be offered to project management personnel, which is a key resource in the implementation exercise. It is the commitment of this Government to do all in its power to correct these deficiencies and to put the PSIP on an expeditious and effective platform for 1996 and beyond.

This is indeed one of the objectives in attempting to see that resources programmed are utilized in the most efficient manner possible and it is critical to confronting the key challenge facing this Government, which is how to maximize the country's economic and social development with the limited resources available to it. This is what we intend to address.

Given that general comment about the Public Sector Investment Programme and what has affected the lack of speed in its implementation, I want to address certain specific comments made earlier this morning by some of the Members on the other side.

I will start with the Member for Diego Martin West who has told this House that I, personally, have been responsible for excluding a primary school in his constituency from the Public Sector Investment Programme of 1996. I want to inform this House that the Minister of Planning and Development does not get involved in details of that sort. We have professional public servants in the Ministry of Planning and Development who liaise with their counterparts in the line ministries—in this case the Ministry of Education—and they determine the priorities on the basis of criteria with which they work. Within that framework the officials carry out their responsibilities and the Minister of Planning and Development has no agenda with respect to identification of projects.

Some of the criteria are as follows: The consistency of the programme or the project with national priorities and strategies and its hierarchical ranking. This is done, as I said, in collaboration with the line ministries. The officials also take into account the implementation capacity of the executing agencies. They take into account the quality and completeness of the programme preparation and design, which, if that is not existing, will, of course, put the programme on a lower level of priority. There is also the availability of specific financing for the programme or the project. So if finances cannot be readily identified then the programme or the project will be accorded a lower level of priority. They take into account the desirability of completing some projects already in the course of implementation, and of course, the existence of firm contractual commitment where, if these contractual commitments are reneged upon, then there are costs to be borne. So that the officials take all these criteria into account and then they

Appropriation Bill (Budget)
[HON. T. SUDAMA]

Tuesday, January 16, 1996

develop a priority ranking and on that basis we have priorities which are included in the PSIP from year to year.

I have been accused in this House of political discrimination and furthermore, the Member for Diego Martin West, who has been known for his hooliganism in this House and elsewhere, has threatened to bring constituents from Carenage to my office in Port of Spain and to harass me and to make threats against my person, that I, personally, have been involved in excluding this school from the programme of 1996. I want to state for the records that the Ministry of Planning and Development, in collaboration with the Ministry of Education, had three schools in mind to be funded from General Revenues. The school in question about which he complains, the construction of the Carenage Government School, was excluded from this year's Public Sector Investment Programme on the grounds that their final designs were not ready when we were finally preparing this document in November, 1995. Their final designs were not ready in order to go forward for tender purposes, and therefore we thought that given the constraints on funding, that we could defer this school for another year while other schools for which designs were completed could go forward.

Therefore it is in that context that the Ministry of Education recommended two schools out of the three. One of those schools was the River Estate Patna Government School in Diego Martin, which is included in the programme for 1996. But here I am accused of political discrimination. The other one is the Arima Boys' Government School in the constituency of Arima, both PNM constituencies.

The thing becomes rather absurd, and I will tell you why—this charge of political discrimination. Here we have included in the programme for 1996—I want to call out some of these schools—the Santa Rosa Government School in the constituency of Arima; the Ebenezer Methodist School—I do not know where that is; I believe it is in Port of Spain—

Miss Nicholson: That is in Tobago.

Hon. T. Sudama: Construction of the Farah Street Government School—I believe that is in San Fernando West; construction of the Malabar South Government School, Arouca; construction of the Beetham Estate Government School, Port of Spain South; construction of the Maloney East Government School, Arouca South; construction of the Cedros Government School, Point

Fortin; construction of the Valencia South Government School, Arima; construction of the Aripo R.C. School.

So that this charge of political discrimination I want to lay to rest. Furthermore, because of the criteria utilized, I want to mention some of the schools which we have been forced to exclude from the PSIP of 1996. We have been forced to exclude the construction of the Iere Government School and that falls in the constituency of either Princes Town or Naparima; construction of the Princes Town Presbyterian School #2, a UNC/NAR constituency; construction of the Madeleine North Government School—excluded; construction of Charlieville A.S.J.A., excluded on the same grounds of inability to meet the criteria on a priority basis.

So we have a situation here where people in this House, particularly that Member for Diego Martin West who is not here, who has been weaned on a culture of political discrimination and he sees that in every aspect and he comes here with a perspective already conditioned by a discriminatory attitude, and therefore he sees that in whatever we do.

I want to assure this House that there has been no question of identifying the Member for Diego Martin West and his constituency for discriminatory treatment in the Public Sector Investment Programme.

I now come to my Friend from Diego Martin East. I was amazed this morning when he spoke about integrity. He spoke about honour and decency—the John O'Halloran of the new PNM. Again, he accuses me of discrimination against PNM constituencies and that I have personally intervened to exclude the National Library Complex from the PSIP of 1996 and that I am against urban development. This is a Government that is seeking to achieve a measure of balance in regional development in Trinidad and Tobago to seek a level of equity in the distribution of resources, a true Government of national unity.

4.10 p.m.

Mr. Speaker, I want to just outline what the last government proposed in the PSIP with respect to urban development in Port of Spain. I would call out the projects and indicate the level of funding which was required to complete these projects: the National Library building, a total estimated cost of \$91 million. If we were to have included a provision for the National Library Complex in the 1996 budget it would have made no sense except if a provision of about \$50 million were included, which could not have been, given the level of funding

Appropriation Bill (Budget)
[HON. T. SUDAMA]

Tuesday, January 16, 1996

constraint. To put a \$2 million provision really made no sense for the National Library, therefore, we had to exclude that and defer it for the time being.

Red House restoration, \$21 million; Ministry of Works and Transport's headquarters, \$50 million; National Security and Legal Complex in Port of Spain, \$81 million; old police headquarters, \$30 million; National Performing Arts Centre, \$18 million; Woodford Square restoration, \$5 million; traffic circulation plan, \$10 million; Beetham Highway/Wrightson Road improvement, \$10 million; Industrial Court Complex, \$34 million, making a total of \$411 million just for the city of Port of Spain in a situation of stringent funding. One sees the notorious imbalance of which this Government is guilty; depriving other areas of Trinidad and Tobago from getting any kind of funding for any kind of projects whatever.

Mr. Speaker, we have not even added to this figure, the Brian Lara Promenade to show the gross and inequitable imbalance perpetrated by this PNM against the rest of Trinidad and Tobago. Our duty is to attempt to correct that imbalance and to have equity with respect to urban as well as regional development in Trinidad and Tobago, and we make no apologies for correcting that gross and inequitable imbalance which had been the legacy of the PNM Government.

No UNC/NAR Government could look at such enormous levels of funding concentrated in one area of the country and feel that is the way we ought to go. We cannot go that way, but even in that context, we are proceeding with two of the projects which are the Ministry of Works and Transport's headquarters in Port of Spain and the Industrial Court Complex, also in Port of Spain.

In a situation where there is a crying need for the supply of water for critical infrastructure; where road and drainage conditions are needed; where there is the lack of employment; the priorities with respect to suppression of crime, the former Government in view of all its problems has allocated—and wants this Government to allocate—over \$400–\$500 million just for buildings in the city of Port of Spain. We cannot go along with that. I want to tell this country that this is our position.

With respect to Harris Promenade, I want to let the Member for San Fernando West know that the designs have been completed—we have provided money for the design work—and when that is completed, given the resources available to this Government, we would proceed with it.

Mr. Speaker, we are again accused of discriminating against PNM constituencies. I want to tell quickly of the projects in the PSIP for 1996. I would not dwell too much on them, but merely give an indication: the restoration of the magistrates' quarters in La Brea; the revegetation of the San Fernando Hill the visitor facilities; the dualling of the San Fernando By-pass from Pleasantville to Cross Crossing Roundabout; and constructing of connector roads from Green Acres Roundabout to Ciperó. That is in the constituency of San Fernando East.

Completion of designs and bid documents and commencement of construction of the Beetham sewerage facilities. That is a big project. The completion and refurbishment of works at the Central Market; floodlighting of the hockey surface at Tacarigua; completion of container stripping facilities at the port of Port of Spain; refurbishment of roofs at Maloney and construction of a sewerage treatment plant; refurbishment of roofs at Morvant; refurbishment of electrical installation at eight housing estates in East Port of Spain; completion of housing units at Ramdial Mahabir flats; continuation of construction at Almond Drive; commencement of construction of units at Mount Hope, Barataria and Alexis Street, Morvant.

Also, the completion of construction of five police stations at Erin, Maraval, Four Road, Diego Martin; Cunupia and Ste. Madeleine; continuation of construction of the Tunapuna administration complex to house the magistrate's court, post office and other Government agencies; completion of improvement works at Carenage Fishing Centre and continuation of the Joint Fisheries Research.

4.20 p.m.

Mr. Speaker, I could go on and on outlining the projects which we have included in the Public Sector Investment Programme for 1996; completion of eco-tourism study and commencement of pre-feasibility studies at the Chagville Beach; renovations to the Convention Centre; continuation of construction of the Tranquillity Government School and completion of designs for the Vessigny and the Palo Seco Government Schools respectively, both in the PNM held constituency. The refurbishment of the La Brea and the Chatham Youth Camps, the Point Fortin and Basilon Street Trade Centres and Hospitality Institute. I could go on and on to refute this inane and mischievous charge of political discrimination in the identification of projects to be put into the Public Sector Investment Programme.

Appropriation Bill (Budget)
[HON. T. SUDAMA]

Tuesday, January 16, 1996

The PNM has been nurtured on 34 years of discrimination against the former Opposition constituencies, they have been nurtured on that kind of discriminatory perspective, they cannot see anything else, they could only see things through their eyes.

The former Minister of Works and Transport, the Member for Diego Martin East—I am sorry he is not here—talked about corruption and discrimination. I want him to account for having spent more than 50 per cent of the allocation under the Road Programme for 1996 in the election year of 1995. An enquiry should be instituted into the activities of the Member for Diego Martin East, the John O'Halloran of the new PNM. I want him to account to this House for having bought more cement under the Unemployment Relief Programme in 1995 than the cement factory produced.

Mr. Maharaj: That is why he ran and that is why he cannot hide.

Hon. T. Sudama: Investigations are proceeding into their activities. If we were able to save that funding and if there was not this high level of corruption in the Ministry of Works and Transport, we would have had the money to finance the library complex; we would have had the money to supply water to La Brea; we would have had money to do projects in La Brea which would have created employment opportunities for the people of La Brea.

Mr. Panday: La Brea does not want to come to him.

Hon. T. Sudama: I do not know if “asinine” is a parliamentary word. The asinine defence of the siting of the LNG plant at La Brea suggested by the Member for La Brea.

The National Gas Company which is a state-owned enterprise and would have been financing this from the taxpayers' money had estimated that the internal and external infrastructure for siting of the industrial estate at La Brea on which the LNG plant was to be constructed, was \$435 million. The former Government headed by a geologist, the “father of the nation”—he more sounds as a godfather, the mafia type decision-making in the PNM—who forced and threatened his way into having the LNG plant sited at La Brea where there was a geology problem. One does not have to be a geologist to understand that you cannot site a plant of that weight on gas and oil subsoil. Gas and oil under the surface, our geologist “father of the nation” wanted to site the plant there.

In the process they have expended close to \$150 million of taxpayers' money and have committed close to \$160 million, so that we may have to go through the full course of the commitment. Money which is literally being sunk into the ground and which is of little use because the LNG plant site had to be shifted to Point Fortin where it could have been originally sited. For that kind of criminal profligacy and waste the Member for San Fernando East should really answer to this country and indeed, if possible, answer to a commission of enquiry. For that disaster and fiasco alone, he should demit office gracefully. If we had not made that foolishly and enormously wasteful decision, and that money was available we could have had many employment creating projects in the constituency of La Brea, employment creating projects in small scale manufacturing which I advocated a long time ago, in fishing, in agriculture, in all these industries which, as you know, are employment-creating given the scale of the enterprises and the nature of investment.

The Member said he is concerned about employment for the people of La Brea. I wanted to ask him, had he built the LNG plant—there will be some little work in the construction phase, but when completed it would create 60 or 70 permanent jobs—how many people in La Brea have the skills and the expertise to avail themselves of those 60 or 70 jobs? But, he wants an LNG plant in La Brea, instead of asking for other employment-creating investment in order to serve the needs of the people of La Brea. He could have had it if these enormous sums of money to which the 'godfather' of the nation had committed us, were saved and made available. Do you understand, Mr. Speaker?

Really, there is not a shortage of money and finances available in the public sector. There is an unconscionable level of corruption, mismanagement and waste, so that our moneys have been frittered away instead of being directed into productive investment in Trinidad and Tobago for the benefit of our citizens. That is the problem that we in the UNC/NAR Government are committed to redress. When we spend money we will do so productively and with transparency. We will do it in the best interest of the people of Trinidad and Tobago. We will spend that money in a way that mobilizes the maximum resources of this country, its human and its physical resource potential.

In doing so we would have gone on the path of development which the citizens of this country really look forward to and which they deserve; a developmental perspective which we will seek to execute by the manner and composition of our developmental expenditure, by the conservation of our

Appropriation Bill (Budget)
[HON. T. SUDAMA]

Tuesday, January 16, 1996

finances, by the more efficient prosecution of our development projects. This is what we are committed to, this is our perspective.

Finally, I heard the very foolish comment from the Member for Point Fortin who complained that the development programme for the Ministry of Housing and Settlements has been drastically reduced for 1996. The performance of that Ministry under this Minister—I call him the former somnolent Minister of Housing and Settlement because he has always been asleep in this Parliament and does not seem to be aware and does not care what goes on in the Parliament of Trinidad and Tobago.

In 1995 it was estimated that the programme in the Ministry of Housing would have spent \$123 million. Do you know this former Minister could only administer the expenditure of \$62 million, just half of the amount which he was allocated in 1995? That is all he could have effectively spent. He complains that the Ministry has been denied funds. We are saying we would only allocate a level of funding that can reasonably be spent during the course of the year given the implementation record.

Mr. Speaker: Hon. Members, we will now take the tea break and resume at 5.00 p.m.

4.30 p.m.: *Sitting suspended.*

5.05 p.m.: *Sitting resumed.*

The Minister Extraordinaire and Adviser to the Prime Minister (Hon. A. N. R. Robinson): Mr. Speaker, this being the first opportunity that I have to do so, may I add my own voice to the chorus of congratulations and appreciation of your own conduct to the proceedings of this House with such dignity and competence as you have been demonstrating.

May I also congratulate hon. Members on this side of the House for the care and the thoroughness with which they have prepared their contributions. I think anyone who has been in this House for the period of time that I have been, or for any length of time whatever, would certainly express appreciation of the way in which they have approached their business with such seriousness and with such care. So I would like to congratulate them, especially the new Members, those who have made their maiden contributions, as well as those who, although they had spoken before, have certainly more than risen to the occasion in this debate. I extend to them my warmest congratulations.

It is a pity that as we look on the other side, the Benches are empty—almost, not quite, except for one adornment, one presence. I am sorry to say, very sorry to say, that even though physically their absence is quite apparent, from several other points of view, I think that what is noticeable is that their absence has made no difference. What it demonstrates, Mr. Speaker, is that the Members on this side of the House are determined to carry on the business of Government with which they have been entrusted by the electorate of this country, irrespective of the behaviour of the Opposition and whether they perform their duties or not.

You, I am sure, are quite acquainted with the aphorism of that famous Roman historian Tacitus, *proprium humani ingenii est odisse quem liquer*: it is characteristic of human nature to hate the ones you have wronged. So when we were on the other side of the House, they exercised all sorts of wrongful displays of authoritarian power. Now we are on this side of the House, and they have a taste, not of authoritarian power, but well-structured debate, and they absent themselves, in feigned anger and pretended hurt, but nothing could be further from the facts. As we all know, those of us who have sat in this Parliament on the opposite side have had to sit through the night until dawn, including members of the staff to whom I express my very deep appreciation for the way in which they have stuck to their task.

I want to congratulate particularly, the hon. Minister of Finance who was primarily responsible for the production of this budget. As we know, it is no easy matter in the best of circumstances, for a Minister of Finance to prepare a budget to meet with widespread satisfaction. These are certainly not the best of circumstances, though they are not the worst of circumstances. The Minister of Finance has certainly done a heroic job within eight weeks in order to produce a budget which touches upon so many aspects of life, and which has evoked so few criticisms.

The budget also shows a trend. It shows a trend towards not only concentration on the macro economic framework and the statistics, but taking into account as well, the human aspects of life. The movement as is happening in the most progressive circles in the world today is towards programmes that pay great attention to sustainable human development. So that one, while placing emphasis on the macro economic framework and the statistics, it places equal emphasis on the human impact of those programmes, particularly on the underprivileged and the dispossessed. This budget certainly shows care and concern for the underprivileged and the dispossessed.

Appropriation Bill (Budget)
[HON. A. N. R. ROBINSON]

Tuesday, January 16, 1996

Mr. Speaker, it is not only that the philosophical thrust of the Government is in the progressive direction, a direction that progressive thinking is taking place in the world today, it is also that it bears some recognition of the needs, the distributive needs of the regions in Trinidad and Tobago. As the Minister of Planning and Development has quite rightly mentioned, it is seeking to correct this over-concentration of attention on particular centres, which is merely seeking to replicate in developing countries the patterns of growth in the metropolitan centres of the world, without taking into account the potential for growth and development that exists throughout the society.

It is therefore, with sympathy that I listened to the *cri de coeur* of the Member for La Brea, for example, in a district quite close to one of the great sources of wealth of the country and yet, which has been so neglected over the years. The same with Moruga, Ortoire/Mayaro, so close to the South East concentrations of gas and oil. So too, in a different context with Tobago, which has so much potential, not only in terms of tourism, but also in terms of the marine life, and in recent times what has come to be called the potential of exclusive economic zone, the wealth on the sea bed, and under the sea shore, and under the sea bed which is yet to be exploited.

So that areas on the periphery which are not close to the capital, which are not close to the concentration of administrative power, have suffered. This tends to be a pattern, it has been a pattern in developing countries. They have suffered even though they have been in close proximity to the sources of economic wealth and economic power. What this Government is oriented to do, is to achieve a greater equity in distribution, not only regional distribution, but also in terms of human distribution, population distribution, and the distribution of wealth in the economic sectors of the society.

It is in that context that I will make brief reference to Tobago at a later stage. But let me just refer to one or two of the points made by the Leader of the Opposition. He was touched upon very competently by the Member for St. Joseph and some other Members, but particularly by the Member for St. Joseph. I refer particularly to the statement made by the Leader of the Opposition that 1992 set the tone for a new pattern of economic organisation, economic development, economic recovery in Trinidad and Tobago.

I would like to refer to the *Annual Economic Survey* of the Central Bank for 1991. I quote the first sentence from the Overview. And this is what that survey has to say of the year 1991:

"The eight year trend of decline in real output of the Trinidad and Tobago economy was finally broken in 1991 as gross domestic product (GDP) grew by 1.8 per cent."

So what the Central Bank said was that the decline was finally broken in 1991, not 1992, 1991. And in the *Annual Economic Survey 1992*, the Central Bank in the Overview states:

"The recent performance of the domestic economy indicates that despite the contraction in activity in 1992 significant progress towards a reversal of the long-term decline in real output has been achieved."

5.15 p.m.

Let us see what happened in 1992 while there was a decline in real output. This is where the economic indicators touched upon by the Member for St. Joseph become very pertinent and relevant. There is a figure which sticks out as a sore thumb in the comparative statistics relating to the years 1990-1995, that is the budget deficit. In 1991 there was a budget deficit of \$89.5 million; in 1992 the deficit went to \$776 million approaching \$1 billion. That was the year of the decline in economic activity and an increase in the price of oil above 1991.

What was the consequence of achieving that deficit in 1992? The consequence of that enormous deficit in 1992 was devaluation in 1993 through the flotation of the dollar. The use of the term "flotation" was to conceal the effective devaluation by about 30 per cent of the dollar in 1993. That was the consequence of the wrong economic policies pursued in 1992. Not only was there devaluation of the dollar concealed through the term "flotation" but also massive, direct and indirect taxation which was imposed on the population. There is the tremendous cost of that 1992 deficit and the policies associated with it for the sale of the state enterprises, which was not through any planned programme of diversification. It was a matter of compulsion which was done mostly to foreign enterprises. This is where the previous government lost one of the wonderful opportunities that this country has had to disperse capital ownership and wealth in the society. I am not saying that some of the participation should not have been by foreign enterprise and capital. What has happened is that most of it has gone and in many cases all of it to foreign enterprises. We have to pay for that later on.

I had the responsibility for the country's finances just prior to Independence and subsequent ones. One of the problems that we had was the extent of outflows from the society in terms of profits, dividends, management flows and royalties to

Appropriation Bill (Budget)
[HON. A. N. R. ROBINSON]

Tuesday, January 16, 1996

metropolitan societies. That is the basic reason for the introduction of the Finance Act 1966. This is the source of the dividend income allowance. On that occasion there used to be no separation between the individual shareholder and the company. Once the company was taxed the individual shareholder was regarded as having been taxed as well, so that when the dividend was distributed it was not taxed. The Finance Act separated the corporation or company from the individual. When the corporation income is separated from the individual income both the corporation's profits and the personal income of the individual are subject to tax.

In order to relieve that burden of double taxation on the individual the dividend income allowance was devised. That is the source of it. When the level of the corporation tax is reduced and the corporation is not taxed there is no need for any dividend income allowance. As the rate of taxation is depressed the level of the dividend income allowance is considered. One is related to the other.

The second point is that a withholding tax retrieves a lot of the money that would normally go to the foreign capitals and enterprises as the case may be, capital in terms of taxation and companies in the form of returns of one kind or another. I think it is important to recognize the origin of the dividend income allowance in order for us to know that the way in which the Minister of Finance is seeking to treat it is the proper approach to it.

There is one further point on the question of the national debt. I emphasize that this criticism by the Leader of the Opposition about a 16 per cent increase in the national debt between 1986-1991 is totally unjustified, seeing that from 1991-1994 the external debt was increased by 100 per cent by the person who complained. That is so much for the analysis of the Leader of the Opposition on these economic matters.

Now I come to one or two matters involving Tobago. I will deal with the Foreign Investment Act 1990. This was intended for the entire country of Trinidad and Tobago, but it was a well designed and devised piece of legislation. It had all the machinery for control of any abuses that might arise.

Let me cite some of the provisions of this Act. Section 8 (2) requires that any person or foreign investor who purchases land or the attorney of any such investor must give notice of the land purchased; the extent of the land; the nationality of the person purchasing the land; the time when the land was bought and the consideration paid for the land.

5.25p.m.

That notice is given to the Minister, and the Minister is the Minister of Finance. So that the Act provides for all the information being given to the Minister of Finance, and it provides a penalty. Section 9 states:

“Any person who knowingly does any act or thing causing or calculated to cause the vesting in a foreign investor of any land or share without obtaining a licence . . . shall be guilty of an offence and liable to . . . a fine of one hundred thousand dollars.”

So you must give the information. If you do not give the information you are liable to a fine of one hundred thousand dollars.

The Act also provides for the Minister to make regulations and orders. The Minister can make an order as to what types of activities are allowed under the Act and where those activities should take place. So that in the case of Tobago, it was very easy for the previous administration to make regulations concerning what types of activities should be allowed in Tobago.

The Minister of Industry and Consumer Affairs talked about enterprise zone, Tobago is admirably suited for industries related to the communications revolution. Today we have a state of affairs where there is flexible location of industry. Sections of industrial production can be produced in different countries, and through computer integration the whole production process can be brought together. So you can have a single part of a motor vehicle, for example, produced in one country, and another part in another country and then you can have skilled people staying in one country and exercising those skills in the market commercially in another country. That is the direction in which you go when you want to set up non-polluting industries, apart from Tourism.

Tourism has the advantage of attracting people and the pool from which you can select if you have the information and there is all the machinery for the information. If you have that information then you can select the types of persons that you will want to reside in the area and exercise their skills and earn income which can be of benefit to the location in which they are.

So what was required was a new vision, a new understanding of the process of development. None of this was ever exercised in relation to this Act and that is the problem. The problem is not the Act, let me repeat; the problem is not the Foreign Investment Act, the problem is that those who were in a position, those

Appropriation Bill (Budget)
[HON. A. N. R. ROBINSON]

Tuesday, January 16, 1996

who were authorised, who were expected to make use of the instrument, could not make use of it or did not want to make use of it for one reason or another.

So that there is now consultation between the Minister of Finance and the Minister of Industry and Consumer Affairs, with a view to devising a proper way of exercising powers under this Act so that the development of Tobago would not be affected and the apprehensions that exist about the wholesale transfer of land to foreigners will be allayed. There will be control over the development, not only of Tobago, but where necessary of Trinidad where the Act impacts on this part of the country as well.

There are two other matters. I think I have been allocated 10 minutes. Where am I?

Mr. Speaker: Go right ahead.

Hon A.N. R. Robinson: There are two other matters to which I would like to refer.

Mr. Panday: I will deal with the Minister of Finance for you, go ahead.

Hon. A.N.R. Robinson: The Minister of Health has already touched on the question of the hospital which is a burning issue in Tobago. I do not think it is generally understood what a difference that strip of sea, that channel makes between the population that resides in Tobago and the population that resides in Trinidad. When 9:00 o'clock, as it has been said, comes at night there is secession between Tobago and Trinidad because there is no means of transport. The boat is not running, the boat is one part or the other you cannot get it; the planes are not flying; you cannot come to hospital if you are sick, if you get a helicopter you are lucky. So that one has to understand that. You cannot come to a football match in Trinidad unless you pay a lot of money and are prepared to spend the night as the case may be. You cannot go to the University of the West Indies unless you transfer yourself totally and live here; you cannot go to the Jean Pierre Complex to see a football match; you cannot go to Queen's Hall to see a concert unless you spend a lot of money and a lot of time. One has to understand these things. You cannot come to the John Donaldson Technical Institute unless you come and live in Trinidad.

So the whole pattern of administrative, social and economic arrangement is such as to draw the population, particularly the young people of talent from Tobago to Trinidad and that is the kind of pattern that one has to re-arrange. That

is essentially the colonial pattern which we have inherited. What is required and what this Government is sensitive to, is the need for re-structuring the relationship so that you see the country as a whole; you do not see the country from the perspective of one part.

This is the direction in which the budget moves; this is the direction in which my colleagues are tending; this is the way they have spoken; and this is the outlook that I am very happy to say that I find developing more and more as they are acquainted with the facts of the situation. And they themselves are from regions all over the country, they are much more distributive and representative than those who are absent on the other side.

So, Mr. Speaker, I fully support this budget, no budget is one hundred per cent acceptable to everybody, it cannot be, but I do not know of any budget within recent times which has had as widespread acceptance as this budget has had. *[Applause]* I congratulate the Minister and I assure him that he has my full support, and I ask—I am sorry, I cannot ask what does not exist to support—and I do not have to ask the Members on this side, but I am sure that the budget will receive the full support of the preponderent numbers in Trinidad and Tobago. *[Applause]*.

The Prime Minister (Hon. Basdeo Panday): Mr. Speaker, I rise to support the honourable Minister of Finance in producing what must be regarded as an historic budget. *[Applause]*. I cannot recall in the history of this country, a new government coming into office and not increasing taxes. Every time a new government has come into office it has increased taxes for its first year and that is good strategy. You have just come into office, the honeymoon is there and so on, and you put in the harsh measures first, so as you tail along, coming down to the elections you soften up the strangle hold on the people. This is the first time that I know that not only has taxes not been increased but taxes have been decreased. The honourable Minister has been able to do that in less than eight weeks in office.

He has come into office seeing that there were several projects which the Government cannot stop. There is a pattern of spending to which he is committed, there is no way out. Mr. Speaker, what the hon. Minister met was a pattern of spending that allocated 32 per cent of all its revenue to the payment of public service emoluments, 33 per cent of all the revenues towards servicing the public debt.

Appropriation Bill (Budget)
[HON. B. PANDAY]

Tuesday, January 16, 1996

5.35 p.m.

So in a \$10 billion budget, \$6.5 billion is gone before you can even think of giving people water. I think people are forgetting this. So that only 35 per cent of a budget—less than \$4 billion—is left to provide water, unemployment relief, health, pension, roads, maintenance, whatever. The hon. Minister, in the face of all this, has been able to fulfil several promises made by the Government in its election campaign.

I want to thank the hon. Members on the other side; I wish they were here. Will the Member for St. Ann's East be so kind as to convey my sentiments to them? I wanted to thank them for the contributions they made in this debate. I know what they said; I heard them; I understood what they said; I know the spirit in which it was said; I know the reason it was said and I know the purpose why it was said. After all, I have been doing the same thing for 20 years, have I not?
[Laughter]

You see, having rejected our offer to form a government of national unity, they are condemned to the past. They have no alternative but to revert to the old style of politics, the confrontational politics, the adversarial politics. That is what we have been trying to say that we want to get out of. The system does it to you. I am sure the Members on the other side would have preferred to spend their time assisting the Government on this side on how to produce a better budget, if that were possible. The system says, just as we did when we were on the other side, we were the alternative government. I always said that we were not there to make them look good; we were there to replace them, and we did. Our job was not to make them look good and keep them here; our job was to put them over there. I accept that. I accept that their job is to move us. Therefore everything that they have said has been with that single motive, to demean the Government, to make it look bad. I understand it and I accept it. They do not, otherwise they would have been here. They would not have abandoned their jobs.

It is because they are thrown into that kind of adversarial syndrome, which is our political system; it is because the objective is to remove the other side, to denigrate the Government, to make it look bad, that can be the only explanation why the contributions coming from the other side have been without reason, without logic and without integrity. To say that the hon. Minister intends to use monopoly money is a lot of talk. No figures are presented to say his figures are wrong. They did not indicate and put to this House what are the right figures or

what they ought to be. One would have expected that they would tell us how they could have done better.

It is because of this contradiction that one hears conflicting comments on this budget coming from the other side. First of all they say we are following the PNM programme and in the next breath, we have abandoned their projects for spite. Secondly, they say this is a poor man's budget, then in the next breath, this is a budget against the poor. You have heard that, Mr. Speaker. In one breath there is too much money for Caroni and in the next breath, you are doing nothing for agriculture. This is an election budget, they say; in the next breath they say it is a budget that cannot fool anybody. This is a budget that is supposed to bring prices down, and boy, it has brought prices down; but prices will go up.

It is a pity that the political system forces this kind of lack of integrity on the poor Members on the other side. I have struggled, as you know, Mr. Speaker, all my life to change this system whereby all Members of this House could come together and put their heads together to produce what is best for this country. Would it not have been a tremendous exercise where the 36 of us, and you being the 37th, sitting in judgment, could have put our heads together and come up with a budget which we thought was the best for this country? But we cannot. The political system does it to us. People now begin to understand what I meant when I spoke of a government of national unity. It is the only way we are going to go forward.

So while I respect the Members for the attitude they must take, we have to reject the arguments that they have put forward. We have taken note of the response that has been coming from the public, because the response that has been coming from the public has been clear. We see in the newspapers that the people love the budget; it is a fine budget; it is a budget that will reduce prices. Even the labour movement could not help but sing some praises to the budget. The business community has been pleased with the budget. The poor has been pleased with the budget.

The Government has been able, as I said, to reduce taxes, to keep some of its promises. But there are two areas which have stood out in complaint as a criticism of the budget. You will recall that yesterday I attended a luncheon of the Trinidad and Tobago Chamber of Commerce at which I spoke, and there it was pointed out by the President of the Chamber of Commerce that there was something that bothered them about this budget. The same point has been made by the Trinidad

Appropriation Bill (Budget)
[HON. B. PANDAY]

Tuesday, January 16, 1996

and Tobago Manufacturers' Association, that is, the removal of the duties on certain foods.

You will recall that the Minister, in his budget, announced that he was removing VAT—which was one of the promises we had made—from several items. Those were, cheddar cheese, curry, corned beef, fresh butter, macaroni, toilet paper, and so on. As a result of the removal of VAT which was an election promise, there has been a substantial decrease in the price of those items. These are items that are consumed by the poor mostly.

5.45 p.m.

It was in an effort to reduce prices even further I believe that the hon. Minister removed the import duties on these same items—and if I am right, I believe the first set of measures reduced prices by 25 per cent.

Mr. Speaker, we do not say that next year prices will fall flat. The hon. Minister would have liked to reduce prices even further. The Chamber of Commerce and the Trinidad and Tobago Manufacturers' Association have pointed out—I have seen it in the papers, it was pointed out to me when I went there—that the removal of the import duties/tariffs on these items would place great hardship on local firms that may have to retrench workers, and they may have to go out of business and so on. I told the Chamber of Commerce yesterday, explaining to them that the reason the hon. Minister had done what he had done, was to review prices even further after the cutting of VAT; and I promised that if the Chamber of Commerce and those responsible would give an undertaking that they would keep prices down, then I would use or try to use my influence, such as it is—you know these Ministers of Finance how tough they are—on the Minister of Finance to ask him to reconsider that. Not because it is not the right thing to do, but because it will have certain consequences which have been brought to my attention by the business community.

Mr. Speaker, it is a pity that the other side did not come here with an open mind as we had. That is, we brought a budget to Parliament to be debated, and to be influenced, if the arguments were rational, by what they say and change our minds if necessary. That has never happened in this Parliament. Every time the PNM has come to this Parliament, it has come and said, “this is our budget; you could like it or lump it. Take it or leave it.” That is not the attitude of this Government.

I have spoken to the Minister and my other colleagues and the Minister has agreed to reconsider that provision in the interest of manufacturers. I am sure he would like me to issue the warning—if he would not do it himself—that if we are going to free up the economy, we either open up the economy or close it down. Those businesses will have to realize that sooner or later, they will have to put themselves in order to face the competition of the international market. The single criticism which has been made about this budget has now been taken care of. It is now the perfect budget.

There is one other argument about credit unions which my colleague will answer. It seems that nobody understood what he said. Everybody jumped on his back and nobody realized that he said that this was something he was thinking of for 1997. But, he will explain, Mr. Speaker.

I want to congratulate the hon. Minister for taking that position, the Members on this side, and this Government for being responsive. This must be the first demonstration of a government being responsive to what other people feel outside. I do not think it has ever happened before. It is because of this, I think, that the other other side, not having anything to say, not knowing how to criticize this budget and what to do with it, unfortunately has resorted to some very unfortunate remarks. One such remark came from the Member for Diego Martin West, who indicated his intention to resort to demonstrations and violence against the Government. That would have been all right if it did not come in the wake of a report which has come to me, an official report.

It is clear that this Opposition does not know how to deal with this Government. They cannot criticize it for its measures. We are doing everything that is right. In order to get back on this side, it seems that they are prepared to resort to violent demonstrations. Not only has that statement come to us in this House today, but I also have information that on January 6, 1996—the first one was on the 4th—at a meeting in the Arouca South constituency of the People's National Movement held at Malabar Community Centre, Arima to discuss the problems affecting the party's leadership, the hon. Leader of the Opposition is reported to have said, as part of his contribution, that there would be heat in this Parliament, and in the streets of this country after the honeymoon period of the new Government was over. I want to put this country on alert that the vibes coming out of the Opposition is an intention to resort to violence and violent demonstration in order to bring this Government down.

Appropriation Bill (Budget)
[HON. B. PANDAY]

Tuesday, January 16, 1996

I want to warn the hon. Prime Minister [*Laughter*] the hon. Leader of the Opposition—Mr. Speaker, not only do I have that difficulty. I have been in the Opposition so long that I keep feeling that way, but it seems as though the hon. Prime Minister—the hon. Leader of the Opposition—also has that difficulty. We went to a function the other night at Presentation College and the hon. Leader of the Opposition obviously, for a moment forgot that he was Leader of the Opposition and actually tried to go home in PM 1. [*Laughter*] So we both have that difficulty. But, *c'est la vie*. That is life.

I want to warn him however, that he should not start anything he cannot stop. He should not start anything that he cannot control. More importantly, Mr. Speaker, he should not start anything that will divide this society beyond repair.

I congratulate the hon. Minister of Finance for the tremendous job which he has done. I want to answer only one other criticism that has been levelled. I think it is the subject of a press conference which was held by the Opposition a little earlier on. They have complained that we have taken the budget through the night into the morning and that we have not been answering what they said.

First of all, Mr. Speaker you will recall that when this budget debate began the hon. Leader of the Opposition opened it. There was an immediate response by the Minister of Trade, Industry and Tourism. Then the Member for St. Ann's on the other side came on; an immediate response by the Minister of Energy and Energy Industries. Then the Member for Tunapuna came on; immediately the Minister of Agriculture, Land and Marine Resources came on and spoke. Then the Member for La Brea; and immediately the Minister of Social Development, the Member for Chaguanas came on. Is that not carrying on the debate?

Mr. Robinson: All Front Benches.

Hon. B. Panday: Yes, all Ministers. Then the Member for Toco/Manzanilla came on, the Minister of Labour and Co-operatives replied. Yet they complained that there was no debate in this House.

When the other Members began to debate, we were waiting for them to say something so that we could reply. And we waited. The Member for Port of Spain South came on, and we waited; and the Member for Arouca North came on and we waited for something to reply to. The Member for San Fernando West, the Member for Point Fortin, the Member for Arima came on, Laventille

East/Morvant, Laventille West, Member for Arouca South came on, and they were saying nothing that we could reply to. The hon. Member for Port of Spain North/St. Ann's West, then the Member for Diego Martin East and so on.

Finally today, the Member for Diego Martin Central came on and said nobody from the Front Bench is supporting the hon. Minister of Finance. We were simply waiting to hear all that they had to say, so that we could reply. The moment he finished, the replies began.

5.55 p.m.

What did they do? They walked out. They all walked out of this Chamber. Is it not clear that they did not want a debate? They did not want to hear what we had to say. As I said, they are in the old syndrome where their job is to remove us, if they can.

Mr. Speaker, there is precedent for this House going through the night. I refer this House to the *Hansard* of June 15, 1995 on the occasion of the debate on a Motion of No Confidence in then Prime Minister. The hon. Patrick Manning, Leader of the Opposition—Mr. Speaker, how sweet it sounds; Patrick Manning, Leader of the Opposition. There is a lyrical ring to it. The name sits on him so beautifully. *[Laughter]*

Mr. Speaker, I have before me the *Hansard* record of that day on which we were arguing, when the hon. Patrick Manning was replying in that debate at 6.07 a.m.; the debate having started at 1.30 p.m. on the day before and went through the night until 6.07 a.m. Yet, they are complaining that we took the debate through the night. My mother used to tell me, “do so eh like so”.

We do not accept that we have not debated this budget to the fullest. Almost every Member on this side has spoken and the Opposition chose not to be here. Had they done their duty, or had they not abrogated the responsibility which the people of this country reposed in them, they would have stayed in this debate and tried to influence it. Instead, they have gone. So, we must bring this debate to an end. We on this side congratulate the Minister of Finance and offer him all the support we can in this debate.

Thank you, Mr. Speaker.

The Minister of Finance (Sen. The Hon. Brian Kuei Tung): Mr. Speaker, I rise to complete debate on a Bill to provide for the service of Trinidad and Tobago for the year ending on December 31, 1996.

Appropriation Bill (Budget)
[HON. B. KUEI TUNG]

Tuesday, January 16, 1996

Mr. Speaker, I could tell you that this, being my very first budget speech which I presented on Wednesday, January 10, caused me to look forward to this debate with a great deal of enthusiasm, feeling that this was going to be one of the great days for me in my parliamentary career. It turned out that the contributions made by Members of the other side were not of the quality or standard that I expected. If I had to summarize or categorize them, I would put them in three main groups.

In the first category I would talk about the criticisms that were started by the hon. Member for San Fernando East in which, having set the tone for the quality of the debate, he referred to the budget—which the hon. Prime Minister had indicated, has gained wide acceptance and approval through much of the country of Trinidad and Tobago—as being replete with fluffy, comfortable words and sentiments, as if to suggest that any budget that gives hope and confidence to the people of Trinidad and Tobago should be rejected outright.

Mr. Speaker, one could only assume that the good feeling that the people of Trinidad and Tobago have today, as a result of this budget, would continue through 1996. If, as the hon. Member tried to make, it turns out to be a public relations exercise, if nothing else it reminds me of when I used to be a businessman and my competitors used to tell me the only reason I got more sales than they was that I was advertising well. So, if one gets the success one deserves, I do not think that anyone in Trinidad and Tobago would want to argue with that kind of success.

When the Members, almost as a team, began to say that it is a hoax; it makes no sense; it is illusory; it is monopoly money; it is cockset money; it is funny money, I waited for the real criticisms to be substantiated by facts and figures; not just fluffy words—to use his own term—that just say something but mean nothing.

The other category is that it is an attack on the small man. I would deal with that when I consider the question of the credit unions and the unit trust. The third and final criticism is that the numbers do not add up. We now have two geologists who do not know much about rocks trying to tell a chartered accountant about adding up sums. [*Desk thumping*]

Mr. Speaker, to put that in perspective, let me explain my own experience in coming into Government. When I came into Government, as the Minister of Finance, I thought I immediately had two main priorities. The first one was the

question of addressing foreign investor confidence because any new Government can create some trauma. As a matter of propriety, we gave the nation and the foreign investors the assurance—because we know the amount of time, effort and expense that go into making an investment of the size that we have seen—that nothing we do is going to delay or derail those investments. That was our number one priority.

The second priority was to begin to formulate a budget. I am happy to report that when I went into the Ministry, I was introduced to a bunch of technocrats, believe it or not, by the former Minister of Finance. I remember the words the former Minister of Finance used very clearly. He said to me that he wanted me to meet a team of people who were extremely dedicated; who were very principled; who were committed to the nation of Trinidad and Tobago; a budget team, the members of which, incidentally, he had retained and who in turn I have found, in the short eight weeks, to be people of integrity, with the highest commitment and dedication, who would not fail or attempt to mislead me into coming up with numbers that could be questioned by the other parties. *[Desk thumping]*

Later on I would demonstrate that the numbers I have given, which appear not to add up, are really a matter of using the right technocrats.

6.05 p.m.

The technocrats assisted me in developing this budget. The technocrats continue to stand by the Government of Trinidad and Tobago whoever it might be. The technocrats recognized that the nation had rejected the previous administration and was prepared to put their mouth where their money was. By that I mean, they were prepared to give the best possible advice. As the Minister of Finance, and a chartered accountant myself, I have the ability to test the numbers that they gave me by using other measures which I have had through training and experience.

The other matter which I am quite happy to report on is *[Interruption]* I will demonstrate the numbers shortly. Where is the Member for San Fernando East? The Member for San Fernando East, when he was Prime Minister, visited Hong Kong. Look at my ethnic origin, Sir. One would think he would have consulted me about going to Hong Kong *[Desk thumping.]* I would have advised him—but he has never accepted my advice—what to eat and what not to eat, what to drink and what not to drink. Since he came back the people outside have been saying he ‘tootool bay’. I know what the antidote is, but he is still not asking me for any

Appropriation Bill (Budget)
[HON. B. KUEI TUNG]

Tuesday, January 16, 1996

advice so I have to leave him. I now see a gentleman who was the Prime Minister of Trinidad and Tobago and also cannot even hold on to a deputy. It is an affront to any male in Trinidad and Tobago.

Mr. Valley: Tell them you were fired for non-performance. You can talk but you cannot perform.

Hon. B. Kuei Tung: I will deal with that one day.

Mr. Speaker: Gentlemen, please!

Mr. Valley: Tell them you cannot perform.

Mr. Speaker: Member for Diego Martin Central.

Hon. B. Kuei Tung: The Member has learned very well.

Mr. Speaker: Member for Diego Martin Central, please, please!

Hon. B. Kuei Tung: Mr. Speaker, the other matter which I am quite pleased with is that after going into the Ministry, I received an overwhelming amount of correspondence from persons who felt that they wanted to make some kind of contribution towards the formulation of the budget. When I saw the number of organizations, companies and individuals who had made these submissions and who had taken the time and trouble to inform the Minister of Finance about their own concerns about a budget for 1996, I was suitably impressed. I say that because in the eight short weeks I had to prepare a budget it was impossible for me to consult with the number of persons I would have liked.

Whereas we are committed to the process of dialogue and discussion, and whereas we would have liked to have consulted all of these people, I myself made the undertaking that I would review each and every submission that was made so that I could understand the concerns of the people of Trinidad and Tobago in budget formulation. It was my intent to try to accommodate as many ideas as we could so that we could satisfy as many of the aspirations of the people of Trinidad and Tobago as possible, and I have felt somewhat vindicated by my own efforts.

I can quote from a document that was prepared by a well-known firm of chartered accountants:

“That the Government had eight weeks to finalize the budget and to assess the response to the competing demands of myriad sectors of the population.

Mr. Kuei Tung has attempted to be all things to all people and has spread the benefits around in an equitable manner while emphasizing his Government's commitment to maintaining tight fiscal discipline so as to ensure the stability of the macroeconomic fundamentals."

Mr. Speaker, I have been able to develop something that meets as much of a cross-section of the people as I could, without necessarily favouring any particular sector over another.

When I first went into the Ministry, I met a compilation of numbers. I had heard on the election platform that the budget had already been prepared. I could not find it. I heard that the previous administration was going to do a number of things. I could not find any of these documents that suggested the things they were going to do. Instead, I found a compilation of numbers that suggested a deficit of TT \$3.5 billion, a deficit that could not have been acceptable to the people of Trinidad and Tobago at this time.

Within a few weeks we were able to bring this deficit down to \$1.4 billion and ultimately, I set myself as a goal, an objective of making a surplus of \$280 million. The surplus was required to begin to set aside money to pay a debt that was going to be due in 1997. A debt that was created by the previous administration which borrowed US \$150 million, and agreed to interest rates of approximately 11 per cent per year. The debt, which when converted at that time was about TT \$673 million, in 1997 has to be repaid by a new administration equivalent to TT \$900 million. In addition to having to pay interest of 11 per cent each year over the period, we find that we will have to pay an additional \$270-odd million.

In determining this budget, having decided what I wanted to do with the numbers, I had to turn my attention to the question of the budget statement. I wanted to be different. I wanted to be the kind of Minister of Finance who presented a budget without subjecting the people of Trinidad and Tobago to a long discourse on the economic fortunes or misfortunes of each country in the world before I turned to the problems of Trinidad and Tobago; a sort of tradition generally which no one in Trinidad and Tobago was prepared to change. I, therefore, set out to try to make a budget statement that would be no more than an hour long. I was 65 minutes, just five minutes longer than my intention.

I still regard the 65 minutes as being much too long. But more importantly, as I said, I wanted not just to be short, but to be sweet, in the sense that it would touch lives. I noticed that my colleagues have already indicated what it was. It has

Appropriation Bill (Budget)
[HON. B. KUEI TUNG]

Tuesday, January 16, 1996

touched the lives of many people in Trinidad and Tobago to the point where congratulations are still pouring into the Ministry of Finance. More importantly, I wanted to touch on the question of style.

It was a feverish desire that I develop a style that I can describe as being conversational, wherein the people of Trinidad and Tobago—and I have heard these remarks coming back to me—for the first time, understood what the budget was. Before, it was typical of much technical jargon and nobody really understood. For a change I wanted to ensure that when I spoke, I could communicate very effectively.

6.15 p.m

Mr. Panday: You did not seem to have much effect on them on that side.
[Laughter]

Hon. B. Kuei Tung: Mr. Speaker, what I would like to do now is to turn to certain items of expenditure, and to see if I can address some of the criticisms that were levelled at me with respect to this budget. The first one I want to talk about a little bit is the question of retrenchment.

Mr. Speaker, when I addressed the Rotary Club of San Juan last week Friday, the question of the level of public expenditure, the personnel expenditure, I should say, came up. Because the Government recognizes the high percentage that this represents in the total revenues of the country, the question of measures to contain that expenditure also arose. I was under the impression, Mr. Speaker, that the Member for San Fernando East and the Member for Diego Martin Central were at that meeting. If they were, I do not see how they could have heard me talk about retrenchment. The question of retrenchment never arose, the question of VTEP came up.

At that time I expressed a very personal opinion because I said that there is a Minister of Public Administration whose responsibility will be to curtail the personnel expenditure in the public expenditure, and that my own personal opinion was that VTEPs do not work. VTEPs generally cause your best marketable people to leave first, and what you remain with are the people who are less marketable. The people who are most marketable grab the voluntary termination of employment benefits and run, so that you would end up depleting the skills in the public service. I personally—and I spoke at that time because no Cabinet decision had been made—would not have liked to see us go the route of another

VTEP. It had nothing to do, Mr. Speaker, with retrenchment, and I never proffered it as one of the alternatives available to us.

The next matter I would like to turn to, Mr. Speaker, is the question of returning residents. Returning residents, as I said in the budget, have been simply disastrous. I cannot countenance a system where, to begin with, you divide people into two classes, those who remain here and "catch their tails"—face the burdens of adjustment—and those who leave for greener pastures, thinking that when they go overseas they can make their future, and suddenly, the previous administration decides that we need to improve the skill-base in Trinidad and Tobago.

As a businessman, I know how I attract skills to my organization—I pay for it, and it costs me. But, when you contemplate a system that tells people who have long gone overseas—and I suspect the only people who really benefited from such a system were elderly people who wanted to retire back home and have a lot of money, they would not really add to the skill-base in the true sense although they are most welcome. But when they have gone away, when they have deserted us, Mr. Speaker, and we have remained and faced the burdens of trying to turn this country around, you tell them, "Come on back, we would allow you to bring in a new car without paying any duties, maybe some Value Added Tax" but the people who remain here will get no such benefits. So that, whereas I understand the concept of a prodigal son returning home, we did not just offer a fatted calf, we gave away the whole farm. We did that, Mr. Speaker.

Mr. Panday: I like that. I like that.

Hon. B. Kuei Tung: We did that, Mr. Speaker, almost as if to say we prefer you to come back here, but we do not really care for the people of Trinidad and Tobago. That is what the previous administration attempted to do. That is why the hon. Member for Tobago East indicated that our entire divestment programme seemed to have been geared towards attracting foreigners. It seems as if we have a pre-occupation with people who do not live in Trinidad and Tobago.

So that when we talk about returning residents, everyone in Trinidad and Tobago knows that the so-called residents who benefited from this never returned. It is people in Trinidad and Tobago who feel they are smart, who can see a loophole that has been created by the previous administration, and run through it lock, stock and barrel. Because, Mr. Speaker, what they would do—and this is no secret—is that that they would invite their brother, their sister, their nennin, or their tanty, anybody, to come on down here as long as they have been

Appropriation Bill (Budget)
[HON. B. KUEI TUNG]

Tuesday, January 16, 1996

living overseas for more than five years, "put a car in your name for me". They bring down a US \$100,000 load of furniture and stuff, and they pay no duties, and the Trinidadians would say, "I wonder whether this particular measure was aimed at assisting certain people who were going to finance a campaign of another party."*[Applause]*

Mr. Speaker, let me talk a little bit about the question of the Unit Trust Corporation. I can understand the concerns that have been expressed by people, that this budget attempts to attack the small man. I am sure that if careful scrutiny is given to this budget, one would see that this budget was deliberately intended to assist the small man. So that when we increased the amount of the no-tax band from \$16,000—\$20,000, we intended to assist the small man by having him pay no tax. That is the chargeable income, Mr. Speaker, that is not his income, that is not his gross income necessarily, that is his chargeable income, that is after having deducted any personal allowances and so on that he may be entitled to.

Therefore, what the budget sought to do was, instead of trying to create allowances for the small man which he cannot use, because he is now in a no tax bracket, the intent was to bring the Unit Trust Corporation around into a new modern-day world to meet competition fairly and squarely. That is why a great deal of the budget talks about fair competition, because what the Government had been doing was assisting the Unit Trust Corporation, unfairly and uncompetitively, to fight off competition.

Now, Mr. Speaker, I have no difficulty with that. The Unit Trust Corporation was a new concept that I think was created in 1979. They needed assistance, and they needed help in getting off the ground. It was a new concept that the small man had to buy into and, therefore, allowances were given to him to give him an incentive to subscribe to the Unit Trust scheme.

But, the time has come when, somewhere along the line, you have to loose organizations like that so that they stand on their own, if not, they would never be able to release themselves of the dependency of the pull-strings of the country. I believe the time has come now that the Unit Trust Corporation boasts that its performance is unequalled and unrivalled, that it has reached of age. Therefore, this measure merely seeks to allow the Unit Trust Corporation to adopt new methods and techniques that will allow it to face competition with new mutual funds that have come about in the last year or two.

Mr. Speaker, it was not meant to hurt the small man. It would, instead, allow the company to go off on its own and compete in the world of free market trade today, and allow the small man to benefit by having to pay no tax.

Further, Mr. Speaker, we developed a system whereby marginal relief was also given to people whose chargeable income was more than \$20,000 and less than \$30,000. I do not know any small man, Mr. Speaker, who earns chargeable income in excess of \$30,000. So when they say that we are attacking the small man, I really do not know which small man we have been attacking. Mr. Speaker, it is not inconceivable [*Interruption*]

Mr. Panday: You will hang around.

Hon. B. Kuei Tung: Mr. Speaker, I would also like to use pretty much the same argument with respect to credit unions, except that in this case we recognize that the credit unions have had somewhat of a checkered history. There are some who say that our measure is intended to attack the credit unions; far from it, and that is why it was not done as of the January 1, 1996. The intent was to signal our flag that we had the same problem with allowances for the credit unions as we have for Unit Trust schemes—that you have the tax rates coming down, but allowances remaining high.

It not only erodes the tax base, Mr. Speaker, but it makes nonsense out of the system, that you are giving allowances to people when their tax rates are coming down. What we did was to allow the Credit Union Movement to be given some notice that it is a possibility that the allowances will be removed next year. There is a possibility, Mr. Speaker, that the band may be raised as well. We may decide to make it \$25,000 or \$30,000 if the revenues allow it, in which case you have the same situation, an anomalous situation where you are giving allowances to people who can take no advantage of it because they pay no tax.

Mr. Panday: That is right.

Hon. B. Kuei Tung: It is in that context that we signalled to the community generally, that the credit unions' credits may not be allowed next year; so that it is not an attack on the credit unions. More than anything else, Mr. Speaker, we plan during 1996, to work with the Credit Union Movement, as indicated by my colleague, the Minister of Labour and Co-operatives, to see if we can help them become competitive, to do the same thing that we want the Unit Trust Corporation to do, and that is, that the credit unions come of age, where they can

Appropriation Bill (Budget)
[HON. B. KUEI TUNG]

Tuesday, January 16, 1996

use new marketing techniques and technology so that they can face the environment that has changed, and to allow them to meet competition head on.

Finally, Mr. Speaker, I want to talk a little bit about mortgage interest. The mortgage interest rates have really always been a sort of political football, if I may say so, because in 1993, the previous administration reduced mortgage interest from \$36,000—\$24,000.

When I reviewed what was happening—before a decision was made, I contemplated the effect it would have on home-owners, and to my surprise, I discovered that the average interest claim that is made on the Board of Inland Revenue is only \$18,000. So that dropping it from \$24,000—\$20,000 means that the amount allowed is still higher and in excess of the present average; the \$20,000 being \$2,000 more than the \$18,000 which is the average.

More importantly there are only about 44,000 persons who claim this allowance in mortgage interest and of those the ones that were affected because of the drop from 24 per cent to 20 per cent are no more than 11,000.

6.25 p.m.

The amount of hurt that this was supposed to have created, really, is not as alarming as the Members on the other side make it out to be. We are back to the same question that income tax is decreasing and it does not make sense keeping these allowances up because there will be very little value for the taxpayer. This is within the framework that we are trying to achieve a lower rate of tax for both individuals and corporations in the years to come.

I come to the revenues. The sums do not compute because there are technocrats who are advising the Members on the other side who themselves do not seem to be able to read the numbers provided. As already indicated, income tax accounts for an increase of about, according to the Member for San Fernando East, \$362 million in excess of \$365.6. It means that I would have to get an average of approximately \$850 per taxpayer to be able to achieve this.

Part of the budget document talks about balancing the books. In that sense there are entries that have to be made that one can consider to be a set-off. As a result of the tripartite talks with Caroni as much as a sum of \$342 million in revenue is neutral to the budget statement. It means that the money goes in and comes right back out. If it was not done the tax liability owed by these firms, such as the old BWIA with \$88 million which is packed up, owes the Government tax;

is the Government supposed to sue a company that it owns and has no revenues? The Government has no choice but to try to clean it up. It is an exercise that I am not particularly proud of because it is an expense that brings no benefit to the country, but it has to be done. [Interruption] It is not funny money. It is an accounting entry. It is back to the same thing. If you do not know about rocks, I know about sums. [Laughter] The numbers speak for themselves.

There are transfers that show over \$507 million. There are transfers for the Shipping Corporation of Trinidad and Tobago, West Indies Shipping Corporation, Petrotrin and Caroni which the Minister of Agriculture has already indicated. They are all accounting entries which had to be there. It was not intended that the revenues are “fudged”—to borrow a word from the other side—it was merely meant to indicate that the budget numbers have revenue flows and accounting entries that appear as if the revenues have increased unduly.

In the case of Value Added Tax the feeling was that the numbers which were indicated here were grossly overstated. I wish to let this honourable House know that the Value Added Tax collected in 1995 amounted to \$1,249 million and that figure was net of refunds which were made in 1995 of \$250 million. That means that refunds which were cleaned up from the previous year were done in 1995, and those refunds would not have to be made in 1996. That means that the adjusted Value Added Tax base is now \$1,499.7 million. In addition to that as I indicated earlier, the figure includes an amount of VAT which includes adjustment, accounting entries for arrears of \$63 million: for BWIA \$22 million, MTS \$9.5 million and Caroni \$32.2 million, in the same vein as what I have just mentioned. It is a bookkeeping entry where we literally will have an exchange of cheques where we will have to pay this because Value Added Tax is in arrears. That will bring us to a little under \$1.6 billion which we expect to collect in VAT. We think it is not only realistic but easily achievable.

More than anything else we plan to get some assistance from the IMF to ensure there is greater compliance with the Value Added Tax. As the Ministry is quite aware there are medium-term organizations that try to avoid Value Added Tax.

On the question of oil revenues as I quoted in the budget statement, we expect to collect \$2.107 billion, but again the technocrats that advised the Member for San Fernando East misunderstood what I said when I talked about oil revenues. When he went to the *Draft Estimates of Revenues* he saw a figure for oil taxes of \$1437 million and he thought that I had changed the figure from \$1437 million,

Appropriation Bill (Budget)
[HON. B. KUEI TUNG]

Tuesday, January 16, 1996

in my own optimistic way, and made it \$2107 million. The Member for San Fernando East says that even if I wanted to, I could be optimistic and go as far \$1750 million for oil revenues. I merely indicated to the nation the full quantum of oil revenues of which oil taxes happen to be part. I could refer the hon. Member to page 19 of the *Draft Estimates of Revenues* and he would see. I assume that he is familiar with these numbers. We have not changed the format of these numbers but I have to assume that the hon. Member has not been trained to find these numbers.

6:35 p.m.

Mrs. Persad-Bissessar: He did not read those numbers.

Hon. B. Kuei Tung: Well, I would assist you in learning these numbers, Sir. The revenue for royalty alone was \$537.4m million. Mr. Speaker, there are other oil revenues that I have shown on different categories.

Mr. Robinson: Elementary!

Hon. B. Kuei Tung : Included in those oil revenues in the draft estimates there is a contribution on withholding tax. I do not have to double count it. I merely stated in the budget statement that the total revenues—all I did was add them by pulling them out from several revenue statements, but the assumption was that that was the oil tax, merely because the Member was not paying attention to the word “revenues”. So that, Mr. Speaker, I could balance this thing immediately for him here.

Mrs. Persad-Bissessar: Do it!

Hon. B. Kuei Tung: All taxes for estimates on page 6, \$1,437.8 billion; oil tax from the withholding tax regime, \$23.4 million; from the unemployment levy from the oil companies \$90 million; oil impost \$18.7 million, and finally the royalties as shown on page 19, \$537.4 million; this gives total oil revenues of \$22,107.3 billion to be precise. [*Desk thumping*] The basis of his contribution, Mr. Speaker, was essentially—and I have to go back—that my numbers—

Mr. Robinson: Synthetic geologist!

Hon. B. Kuei Tung:—were a hoax. It makes no sense Mr. Speaker. It is illusory; it is monopoly money; it is cockset money; it is funny money. The numbers are all there—

Mr. Robinson: Funny geologist!

Hon. B. Kuei Tung:—for any trained eye to pull out.

Mr. Speaker, as I conclude, it was not really my intention—

Dr. Rowley: I thank the Member for giving way eventually. He is going to wind up. I just wanted to clarify one other matter in explanation. How do you explain the projections from the National Lotteries Board from \$187 million to \$347 million?

Hon. B. Kuei Tung: That is even easier to explain Mr. Speaker. [*Desk thumping*] Because the budget was only finalised in early January, if you go to the National Lotteries Control Board you will see that they had actually paid out in excess of \$240 million in dividends, but in 1995 only \$187 million came in, the balance was able to come in 1996. So I merely added the expected \$240 million increase to the ones that missed the closure of the books last year. It was part from last year and part from this year. [*Interruption*] No, but you see it is the suspicion that comes with the question that suggests that the figures are being cooked.

Mr. Robinson: But they said so.

Hon. B. Kuei Tung: I have said before that the technocrats are the ones who do it, I do not ask them that. If they have missed a particular accounting year and go into another, I cannot ask them why. That is something that the technocrats themselves do, and I have every faith in them. I not only have every faith in them, Sir, I believe that they are the envy of the entire public service.

Mr. Maharaj: You have to apologise.

Hon. B. Kuei Tung: And for that publicly I would like to thank them.

Mr. Robinson: Go to the Back Bench, you are demoted to the Back Bench, the Leader of the Opposition. Go to the Back Bench.

Hon. Member: That is why his three deputies left him you see.

Hon. B. Kuei Tung: So you see, Mr. Speaker, it really was not my intention to be all things to all people, but if I was able to satisfy a wide cross-section of the people, I am happy and I am pleased.

Mr. Panday: What is wrong with that? What is wrong with satisfying the people?

Hon. B. Kuei Tung: I merely wanted a budget of the people, for the people by the people. We are committed to putting people first. We believe we will

achieve growth and development. We believe that this is a tough budget, but in spite of it being tough, it is realistic and it is achievable. We will achieve it because we will continue to put people at the centre of growth and development. Mr. Speaker I beg to move. [*Desk thumping*]

Mr. Imbert: Ratchiffee!

Mr. Maharaj: Get up and apologise!

Question put.

The House divided:

Ayes 19 Noes 17

AYES:

Maharaj, R. L.

Panday, Hon. B.

Persad-Bissessar, Hon. K.

Robinson, Hon. A.N.R.

Humphrey, Hon. J.

Sudama, Hon. T.

Maraj, Hon. R.

Nicholson, Hon. P.

Rafeeq, Hon. Dr. H.

Khan, Dr. F.

Assam, Hon. M.

Singh, Hon. G.

Nanan, Hon. Dr. A.

Partap, Hon. H.

Mohammed, Hon. Dr. R.

Singh, Hon. D.

Ramsaran, Hon. M.

Sharma, C.

Appropriation Bill (Budget)

Tuesday, January 16, 1996

Ali, R.

NOES:

Valley, K.

Manning, P.

Rowley, Dr. K.

Draper, G.

Imbert, C.

Lasse, Dr. V.

Robinson-Regis, Mrs. C.

Narine, J.

Hart, E.

James, Mrs. E.

Griffith, Dr. R.

Bereaux, H.

Joseph, M.

Sinanan, B.

Boynes, R.

Hinds, F.

Williams, E.

Mr. Maharaj: You all do not love Trinidad and Tobago.

Mr. Panday: They do not want the country to have services in 1996.

Mr. Imbert: We cannot support fraud, this is fraud.

Mr. Kuei Tung: You will find out who is fraud just now.

Mr. Panday: They voted against a lowering of taxes, against a lowering of—

Question agreed to.

Bill accordingly read a second time.

Bill and Estimates committed to Finance Committee.

Appropriation Bill (Budget)

Tuesday, January 16, 1996

7.15 p.m.

Bill considered in Finance Committee.

House resumed.

Bill reported, without amendment.

Question put, That the Bill be now read the third time.

The House divided:

Ayes 19 Noes 17

AYES:

Maharaj, R. L.

Panday, Hon. B.

Persad-Bissessar, Hon. K.

Robinson, Hon. A.N.R.

Humphrey, Hon. J.

Sudama, Hon. T.

Maraj, Hon. R.

Nicholson, Hon. P.

Rafeeq, Hon. Dr. H.

Assam, Hon. M.

Khan, Dr. F.

Singh, Hon. G.

Nanan, Hon. Dr. A.

Partap, Hon. H.

Mohammed, Hon. Dr. R.

Singh, Hon. D.

Ramsaran, Hon. M.

Sharma, C.

Ali, Mr. R.

Appropriation Bill (Budget)

Tuesday, January 16, 1996

NOES:

Valley, K.

Manning, P.

Rowley, Dr. K.

Draper, G.

Imbert, C.

Lasse, Dr. V.

Robinson-Regis, Mrs. C.

Narine, J.

Hart, E.

James, Mrs. E.

Griffith, Dr. R.

Bereaux, H.

Joseph, M.

Sinanan, B.

Boynes, R.

Hinds, F.

Williams, E.

Question agreed to.

Bill accordingly read the third time and passed.

Motion made and question proposed, That the House do now adjourn to Friday, January 26, 1996 at 1.30 p.m. [Mrs. K. Persad-Bissessar].

Question put and agreed to.

House adjourned accordingly.

Adjourned at 7.18 p.m.