

Leave of Absence

Monday, January 29, 1996

HOUSE OF REPRESENTATIVES

Monday, January 29, 1996

The House met at 1.30 p.m.

PRAYERS

[MR. SPEAKER *in the Chair*]

LEAVE OF ABSENCE

Mr. Speaker: Hon. Members, I have got communication from certain Members and granted leave of absence from today's sitting to the Member for Diego Martin Central (Mr. Kenneth Valley), the Member for San Fernando East (Mr. Patrick Manning), and the Member for Port of Spain North/St. Ann's West (Mr. Gordon Draper); in his case from any sittings between January 28 and February 8, 1996.

MR. ARTHUR DONAHOE Q. C.
(SECRETARY GENERAL, CPA, LONDON)
(VISIT)

Mr. Speaker: May I indicate to hon. Members that today we have in the distinguished persons' gallery, a very distinguished person, Mr. Arthur Donahoe Q.C., who is the Secretary General of the Commonwealth Parliamentary Association Headquarters in London. He was in fact a very distinguished Speaker at the Nova Scotia House of Assembly for several years before becoming the Secretary General. He is to be welcomed. [*Applause*].

Mr. Arthur Donahoe stood.

PROVISIONAL COLLECTION OF TAXES ORDER

The Minister of Finance (Sen. The Hon. Brian Kuei Tung): Mr. Speaker, I beg to move the following Motion:

Resolved:

Whereas it is provided by subsection (1) of section 3 of the Provisional Collection of Taxes Act, Chap. 74:01 (hereinafter called "the Act") that where proposals for general or supplementary appropriation of public funds are made to the House of Representatives and are embodied in an Appropriation or a Supplementary Appropriation Bill, the President may, for the purpose of raising revenue to meet the expenditure specified in any such Bill, by Order,

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provide for the imposition of a tax or the variation of an existing tax and from the date of the publication of the Order in the *Gazette*, the tax as imposed or varied shall be payable;

And Whereas it is provided by subsection (5) of section 3 of the Act that an Order varying an existing tax shall cease to have effect if the Order is not confirmed with or without modifications, by a resolution agreed to by the House within the next twenty-one days after the commencement of the Order;

And Whereas the Provisional Collection of Taxes Order, 1996 was made under section 3 of the Act, whereby provision was made for the imposition or variation of taxes in the written laws mentioned in the said Order to the extent and in the manner set out therein for the purpose of raising revenue to meet the expenditure specified in the Bill entitled "An Act to provide for the Service of Trinidad and Tobago for the year ending on the 31st day of December, 1996";

And Whereas it is expedient to confirm the said Order:

Be It Resolved that the Provisional Collection of Taxes Order, 1996 be confirmed subject to the following modifications:

1. In paragraph 6 -
 - a) in subparagraph (a), insert after the words "such a vehicle is paid", the words "and the vehicle shall be exempt from motor vehicles tax" "
 - b) in subparagraph (d), delete the word "1599" in both places where it occurs and substitute the word "1799".
2. In paragraph 7(1), delete the words "with effect from 1st January, 1996".
3. In paragraph 8(c), delete paragraph (b) of the new section 3B(1) and substitute the following paragraphs:

"(b) there shall, notwithstanding section 35 of the

Chap. 83:03 Unit Trust Corporation of Trinidad and Tobago Act, be charged upon the interest payable to the Trinidad and Tobago Unit Trust Corporation, other than interest that is exempt from tax under any other written law,

in respect of

- (i) loans secured by bonds or other similar investment instruments; or
 - (ii) all classes of savings or other accounts with banks, financial institutions or with any person carrying on a trade or business who, in the ordinary course of operations, receives or retains money in such circumstances that interest becomes payable.”.
4. In paragraph 9(d), delete the word “not” occurring immediately before the words “less than one year” in the new section 53(1)(c).
5. In paragraph 10 -
- (a) delete subparagraph (c) (i) and (ii); and
 - (b) in subparagraph (c) (iii) -
 - (i) delete the words “\$5.00 per litre” occurring in the Second Column adjacent to the words “2203.001 Beer” and substitute the words “\$4.75 per litre;
 - (ii) delete the words “\$35.00 per litre” occurring in the Second Column adjacent to the words “2204.202 Other Wine” and substitute the words “\$25.00 per litre”; and
 - (iii) delete the words “\$35.00 per litre” occurring in the Second Column adjacent to the words “2208.90 Other”.
6. In paragraph 15(d), delete the words “cheddar cheese”, “salt” and “macaroni” and substitute the words “cheese and curd”, “table salt” and “pasta”, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli and cannelloni” respectively.
7. In paragraph 16, delete subparagraphs (1) and (2) and substitute the following subparagraphs:

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- “(1) Subject to subparagraph (2), this Order comes into effect on 11th January, 1996.
- (2) The amendments to paragraphs 6(d), 10 and 15(d) made by the Resolution of Parliament confirming this Order come into effect on the publication of that Resolution in the *Gazette*.”.

Mr. Speaker, the Motion now before this honourable House is for the confirmation of the Provisional Collection of Taxes Order 1996 which is contained in Legal Notice No. 2 of 1996 and published on January 10, 1996. The measures which are contained in the Order had already been explained at the time of the Budget presentation on Wednesday, January 10, 1996.

I will, in general terms, refer to the relevant provisions of the Order and explain in greater detail any modifications which are now proposed for the approval of this honourable House.

1.40 p.m.

Clauses 2, 3 and 5 of the Order seek to dismantle the special tax regimes applicable to pin ball machines, video entertainment and pool rooms. This is in keeping with the proposal in the budget presentation to remove those licences, permits and taxes in respect of which tax regimes are no longer necessary.

Mr. Speaker, clause 4 of the Order increases the licence fees payable on the registration of a Members' Club from the sum of \$300 to the sum of \$1500. Clause 6(a) of the Order introduces a special registration fee payable on the registration of a motor vehicle which is assembled locally and in respect of which duties and taxes applicable to a completely built up car have not been paid.

Mr. Speaker, as presently drafted, a person desiring to be registered as a registered owner of such a locally assembled motor vehicle will technically have to pay both motor vehicles tax and a special registration fee introduced under the Order. This is not the intention, Mr. Speaker, and it is therefore proposed to modify the Order to clarify the point that motor vehicles tax may not be payable in respect of a motor vehicle which is subject to the payment of the special registration fee. Additionally, Mr. Speaker, in an effort to ease the burden on persons seeking to register motor vehicles assembled locally using foreign parts, it is proposed to modify the measure by increasing the engine size threshold relating to the special registration fees from 1599 cc to 1799 cc. The \$20,000

special registration fee would, therefore, apply to motor vehicles with engine sizes not exceeding 1799 cc, whilst the \$30,000 fee should apply to motor vehicles with engine sizes exceeding 1799 cc. We are therefore proposing modification to clause 6(d) to reflect the increase in the engine size threshold.

Mr. Speaker, clause 6(b) of the Order amends the Motor Vehicles and Road Traffic Act by requiring the payment of outstanding motor vehicle licence fees before the vehicle is transferred to a new owner.

Furthermore, clause 6(c) imposes a penalty on a person who has failed to renew his driving permit for a period of more than six months after its expiration. This penalty does not apply to persons whose permits expired when they were abroad.

Clause 6(e) eliminates the Motor Vehicles Tax on motor vehicles with engine sizes not exceeding 1599 cc.

Clause 6(f) removes the Motor Vehicles Tax exemption granted to returning nationals. The concessions granted to returning nationals by the Finance Act, 1995 have been gravely abused and have been dismantled by this administration.

Mr. Speaker, clause 7(a) amends the Income Tax Act by reducing the Business Levy payable by self-employed persons from 0.5 per cent to 0.4 per cent. It also raises the threshold for Business Levy purposes so that self-employed persons whose gross sales or receipts do not exceed \$150,000 will not be required to pay the Business Levy.

Clause 7(b) of the Order serves to accomplish two things. Firstly, dividend income paid to a resident individual by a mutual fund or by the Unit Trust Corporation is now exempt from tax. Secondly, distributors, other than preference dividends paid by a resident company to a resident individual are also exempt from tax.

Clause 7(c) reduces the amount that may be claimed by a taxpayer as a deduction in respect of Mortgage Interest payments from \$24,000 to \$20,000 per annum.

Clause 7(d) removes the 15 per cent tax on dividends or other distributions paid by a mutual fund or the Unit Trust Corporation.

Clause 7(e), (f) and (h) remove the tax credit on units in the First Unit Scheme of the Unit Trust Corporation, Government National Tax Free Savings

Bonds and Bond issues by the Trinidad and Tobago Mortgage Finance Company Limited.

Clause 7(g) deals with the individual whose chargeable income is between \$12,000 and \$20,000 and allows that individual a tax credit equal to 15 per cent of his chargeable income exceeding \$12,000. The tax credit will reduce to nil the tax payable by an individual in this tax bracket. In addition, Mr. Speaker, an individual with a chargeable income between \$20,000 and \$30,000 will receive marginal relief of \$1,200 less 12 per cent of chargeable income exceeding \$20,000.

As a point of clarification, Mr. Speaker, where an individual has a chargeable income of, say, \$25,000 the relevant provisions of the law do not mean that the first \$20,000 is exempt from tax and that the person is only liable to tax on the remaining \$5,000. That person's income will be chargeable to tax at the normal rates. However, if his chargeable income does not exceed \$30,000 the law will allow him a tax credit of \$1,200 less 12 per cent of the income exceeding \$20,000. I make this point because it appears that several persons have been misinterpreting this particular provision.

Clause 7(i) of the Order does a number of things. Firstly, it removes the 15 per cent tax on distributions, other than preference dividends, paid by a listed resident company to a resident individual. It also applies the 15 per cent tax on the preference dividends paid by unlisted resident companies. It should be noted that this tax already applies to preference dividends paid by listed resident companies and this will remain. The net effect is that preference dividends paid by unlisted resident companies which were previously taxed at scale rates will now be taxed at the rate of 15 per cent.

For clarification, Mr. Speaker, a "preference dividend" is defined in the Corporation Tax Act as a "a dividend payable on a preferred share or preferred stock at a fixed gross rate per cent issued by a resident company before January 31, 1966, or where a dividend is payable on such a preferred share or preferred stock partly at a fixed gross rate per cent and partly at a variable rate, such part of that dividend as is payable at a fixed gross rate per cent." As was pointed out in the fiscal measures for 1996, preference dividends are paid out of pre-tax profits unlike other dividends which are paid out of after-tax profits. In other words, preference dividends do not bear any underlying tax and are treated somewhat like interest.

In addition, Mr. Speaker, due to a drafting error, the words “with respect from 1st January, 1996” were inadvertently included in clause 7 (i) in relation to section 55A (2A) of the Income tax Act. The law does not permit the imposition of a tax, levied as a result of budgetary measures to take effect before the publication of the Order giving effect to such imposition. The Order in this case was published on January 10, 1996 so it is clear that the tax could not legally be imposed before that date. It is therefore proposed, Mr. Speaker, to remove the offending words from the amendment to section 55A (2A) of the Income Tax Act. The Finance Act which will follow in a couple of months’ time will make provision for the effective date to be from January 1, 1996.

By clause 7(j) and (l), dividend income allowance has been eliminated.

Clause 7(k) of the Order reduces the tax rates of 33 per cent and 38 per cent applicable to individuals to 30 per cent and 33 per cent, respectively.

Mr. Speaker, clause 8(a) and (b) of the Order amends the Corporation Tax Act by reducing the rate of Business Levy payable by companies from 0.5 per cent to 0.4 per cent. For the first time, Mr. Speaker, companies whose gross sales and receipts in the preceding year of income do not exceed \$150,000 will not be required to pay the Business Levy.

By clause 8(c) of the Order, tax at the rate of 15 per cent is imposed on interest, other than tax exempt interest, payable to a mutual fund and to the Unit Trust Corporation. Mr. Speaker, Members will see that the provision has been restructured slightly to make it clear that interest payable in respect of loans and all classes of savings is applicable, not only to the Unit Trust Corporation, but to mutual funds as well. Clause 8(d) removes the tax credit on Trinidad and Tobago Mortgage Finance bonds for companies. By clause 8(e), Corporation Tax is reduced from 38 per cent to 35 per cent. By clause 9(a), (b) and (e) of the Order, the Alcoholic Beverage Tax has been removed. Clause 9(c) removes the 5 per cent In-Bond Sales Tax.

1.50 p.m.

Clause 9(d) imposes a special tax of 10 per cent on that portion of the C.I.F. value of the household effects not exceeding \$25,000 where those household effects are, among other things, owned by the returning national for a period of not less than one year.

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Mr. Speaker, in the budget presentation I had mentioned that the provisions relating to returning nationals which existed prior to the special concessions granted under the Finance Act, 1995, would be reverted to.

The provisions existing prior to 1995 speak of a special tax payable on household effects which, among other things, are owned by the returning national for a period of less than one year. Furthermore, there is already provision in the law to cover household effects which are owned by the returning national for a period of at least one year. It is therefore proposed to modify the order by deleting the word, "not" appearing before the words, "less than one year" in section 53(1) of the Miscellaneous Taxes Act.

By clause 10(a) and (b) of the Order, the concessions on customs duty granted to returning nationals in the Finance Act of 1995 have been terminated and the provisions existing prior to the operation of that Act reverted to.

By clause 10(c), the Common External Tariff (CET) on a number of food items referred to in the First Schedule to the Customs Act was suspended and the rate of duty reduced to zero. However, several affected businesses and organizations have successfully made representations to retain the existing CET rates to ensure that employment levels in their businesses are maintained and to allow their products to compete favourably with imports.

Accordingly, we propose to delete clause 10(c)(i) and (ii) from the Order.

In addition, we are proposing a modification of the Order in clause 10(c)(iii) which alters the rates of duty on alcoholic beverages and certain motor vehicles.

More particularly, we are looking at beer, other wine and tariff heading number 2208.90 (described as "other").

With respect to beer, we are seeking a slight reduction in the duty applicable to beer from \$5.00 per litre to \$4.75 per litre. This is in keeping with the liberalized trade regime operating in Trinidad and Tobago today.

With regard to the item described as "other wine" under tariff heading number 2204.202, we are proposing a reduction in the duty from \$35.00 per litre to \$25.00 per litre so as to allow the cheaper brands of wine to be more affordable.

Under tariff heading number 2208.90 described as "other", there is a rate of duty mentioned. However, there should be no rate of duty here since this is considered a "group heading" in the tariff. The relevant items under this heading are vodka, cordials and liqueurs which can be identified under tariff heading

numbers 2208.901 and 2208.902. It is therefore proposed to modify clause 10(c)(iii) by deleting the rate of duty under "other".

Clause 11 amends the Unit Trust Corporation of Trinidad and Tobago Act by removing the \$5,000 exemption in respect of dividends received from the Trust by the unit holder because all dividends (whatever their amount) are now exempt from tax.

By clauses 12 and 13, the licence fees or duties payable by moneylenders and pawnbrokers have been increased to \$500 and \$2,500, respectively.

By clause 14, the licence fees referred to in the Second Schedule to the Liquor Licences Act have been increased by 50 per cent.

Clause 15(a) and (b) amends the Value Added Tax Act (VAT Act) by raising from \$100,000 to \$150,000 per annum the level of commercial supplies in respect of which a business is required to be registered under the Act.

Clause 15(c) removes the VAT concessions granted to returning nationals.

By clause 15(d), the list of zero-rated goods under Item (1) of Schedule 2 of the VAT Act has been extended to include, among other things, cheddar cheese, salt and macaroni. We propose to modify the description of these food items (i.e. cheddar cheese, salt and macaroni) so that the description of these goods will be consistent with the description of such goods in the Customs Act. "Cheddar cheese" should therefore now read "cheese and curd"; "salt" should read "table salt" and "macaroni" should read "pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles... whether or not prepared."

On a point of clarification, the description of "pasta" is not exhaustive. The lawyers among us will tell you that the words "such as " are not meant to restrict pasta to the products specifically mentioned. Other pasta products such as vermicelli will naturally be included.

Finally, it is proposed to amend clause 16 of the Order to ensure that certain amendments, for instance, the CET and value added tax amendments, would be prospective in nature.

I beg to move.

Question proposed.

Mr. Colm Imbert (*Diego Martin East*): Mr. Speaker, we are here today to debate the Provisional Collection of Taxes Order and proposed amendments to that Order. The Minister of Finance was extremely brief in his presentation and, really gave little further explanation of the need and the rationale behind the measures. I think it is necessary for the national community to be aware that many of the stated intentions of the new administration and of the Minister of Finance, are really not realized in the measures themselves. The stated intentions and the effect of the measures are contradictory.

Let me deal first with a particular item and get it out of the way. On another occasion and in other places, the Minister indicated that the Government did not wish Trinidad and Tobago to be a dumping ground for used vehicles. I am referring here to the tax that has been imposed in this Order under clause 6(d) for the registration of locally assembled motor vehicles.

If one goes to the actual speech of the Minister, the budget presentation, the Minister indicated that they did not wish that used vehicles—he implied a suspect quality—be dumped in Trinidad and Tobago, and he proposed to deal with this by allowing the local assembly of motor cars from used and new parts. I quote now from the budget statement, page 19.

"Our fear is that to accede to these pressures would serve only to make this country a dumping ground for used motor cars from the rest of the world.

In order to circumvent the restriction on imported fully assembled used cars, and take advantage of the lower prices of used and new parts, a number of spare parts dealers have been assembling motor cars using new and used parts and seeking to have these cars registered. . .

To accommodate the registration of such cars. . . I propose to implement as a special motor car registration fee of \$20,000 on motor cars with engine size not exceeding 1599 cc and \$30,000 on motor cars with engine size exceeding 1599 cc."

One sees that in this Motion the Minister is seeking to increase the cubic capacity for these used motor cars from 1599 cc to 1799 cc. In my opinion, again, it is a clear case of the Minister and the Government on that side pandering to vested interests. On another occasion I made the point that this measure is an absolute nonsense.

2.00 p.m.

What is the point of attempting to restrict or ban the importation of used vehicles because one is afraid that they may not be of sufficient quality, when one then opens another door—a gaping hole, as a matter of fact—where persons can import the same used cars, broken down into parts, re-assemble them in Trinidad and present them to the Licensing Authority? What is the difference between a completely assembled used motor vehicle and a motor vehicle assembled with used parts? There is very little difference except that the local assembly may be even worse than the assembly of the vehicle in the home country. In fact, the measure does not deal with the problem. This is why I am of the opinion that the Minister is pandering to vested interests.

What would happen now, with respect to car stealing, since the Minister has now legitimized the assembly of cars from used parts? As I have said on another occasion, and I repeat it today, all the fancy cars driven by the Members on the other side—all of those Mercedes Benz, BMWs and Audis, Toyota Supras—the per capita of Mercedes Benz must be the highest for any government in the Western world. I have lost count of them outside. These are the fellows who came into this House, pretending to be concerned about the plight of the little man, saying that they would not buy such motor vehicles and so forth, but as soon as they got into power what are they driving? Mercedes Benz.

Mr. Speaker, let me look at the whole question of the stealing of motor cars. One can steal and strip the Mercedes Benz of the Minister of Local Government, and then steal and strip the Mercedes Benz of the Minister of Finance; use parts of each car to put together two "new" Mercedes Benz, and present them for registration at the Licensing Office.

Mr. Speaker, there is no requirement that the origin of the used parts on these cars which are brought to the Licensing Office must be clearly identified. When one imports doors, panels, shells, engines and so forth, there are identification marks on some of the parts, but there are none on many of them. What the Government is doing is legitimizing the car stealing racket in Trinidad and Tobago through this measure, while pretending to be worried about the national community, about Trinidad and Tobago being the dumping ground for used vehicles and so forth.

Mr. Speaker, which is worse; a car assembled out of used parts or a used motor car? Clearly, the car assembled out of used parts. One can also take a brand new car, which was purchased in Europe, Japan, North America or wherever,

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disassemble it, ship it to Trinidad, re-assemble it, scratch the door, throw some mud in the trunk and say that car was assembled out of used parts. The measure is an absolute nonsense.

The Minister clearly does not understand that this measure also allows one to take advantage of the loophole in the customs legislation, where a "used car part" can be defined as a car minus engine and wheels. That is a part and many of these local "assemblers" are, in fact, bringing in motor cars minus engines and wheels, but everything else is there. This so-called motor car part enters the country at a rate of duty of 5 per cent.

Let us look at an example, again using a Mercedes Benz—Members on the other side may soon be driving used assembled Mercedes Benz. A local assembler can purchase a vehicle in Germany or the United Kingdom, remove the engine, wheels and, maybe, two doors, ship the body to Trinidad and Tobago and pay the 5 per cent and additional duties on the other parts. He can then re-assemble the car in Trinidad and save a substantial amount of money.

I have an actual example. The cost of a Mercedes Benz imported fully assembled is approximately \$500,000 plus import duty at 35 per cent would be \$175,000. If, however, the Mercedes Benz shell is brought in minus engine and wheels, the 5 per cent on the shell—because the value of the shell is no longer \$500,000 since your local assembler says it is a used part. To be generous, let us put a value on it of, say, \$100,000 plus the duty on that, which is 5 per cent, or \$5,000. Remember he paid \$175,000 when he brought it in fully-assembled. So that when one pays the registration fee of \$30,000 added to the duty on the shell of \$5,000 one pays \$35,000. The overall saving is \$135,000. So the local assembler—this individual that the Government is so concerned about—has found a way to bring a two-month old Mercedes Benz into the country and avoid paying duty of \$175,000. He would now sell the car for a price very close to the price of the brand new imported fully assembled motor vehicle, thanks to the Minister of Finance and Members on the other side.

That is why the only conclusion I can come to is that this is some sort of reward for support during the general election. The Government is legitimising theft and fraud which makes absolutely no sense. There is no assembly involved here. If one imports a shell minus the doors, engine and wheels, that is three hours work in a garage. That is not assembly. It is nothing to put in an engine, four wheels and two doors. The Government is not generating employment of any kind with this measure. This measure is absolutely contradictory and I urge the

Minister—because I believe he is not aware of this loophole—to look at this measure again and please plug this gaping hole in the system, because revenue collections are going to be reduced drastically on new motor vehicles and everything would be shifted towards these used vehicles. In fact, one would be getting virtually new vehicles coming in under the guise of used vehicles and the Ministry of Finance would be losing significant revenue. I urge the Minister to take another look at this measure and not pander to the vested interests outside there.

There are people in this country who want to make a quick buck and who would pull the wool over the eyes of a ‘green’ government with all kinds of nancy stories, when in fact, they are really up to no good at all. I urge the Government to look at it very closely. I think I have dealt with that measure and I would now move on to other measures.

2.10 p.m.

I have an article from the *Gleaner* in Jamaica dated Thursday November 30, 1995. The headline is “Stop brakes on some used car dealers”. Jamaica had opened up their market in the used car trade and they are having a lot of trouble with “fly by night” importers. They are moving to protect the consumer and put the brakes on. I hope the Members on the other side would recognize this as a serious comment and not treat it in the usual flippant manner.

I move now to the whole question of income tax which is dealt with in the Provisional Collection of Taxes Order in a number of different places such as personal income tax and preparation tax. I have done some calculations for a typical taxpayer with a gross income of \$2,000 per month. You will agree this is not an upper income earner. When one examines the person with a gross income of \$2,000 per month, with NIS deduction of \$234, deduction of 6 per cent of salary towards pension, zero mortgage interest deduction, a personal credit, spouse credit, four children, there is a claim of \$400, a small sum of \$300 in the credit union, unit trust deduction of \$300, that is about \$1,500. This person cannot afford tax free bonds. In 1995, the tax liability was \$343; with the measures and credit it is brought to zero in 1996. That person will save \$343 per year, that is about \$38 per month. I am just using this as an example.

One begins to see the negative effect of the fiscal measures of the Minister of Finance with a person who earns \$30,000 per year or \$2,500 per month. With NIS of \$234, pension at 6 per cent of gross, no mortgage, personal credit, spouse

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credit, child credit, unit trust deduction of \$400, credit union \$300, in 1995 the tax liability was \$1,804; in 1996, surprise, surprise! That tax liability goes up from \$1,804 to \$2,160 all things being equal. He can no longer claim the \$400 in unit trust. He gets an additional credit because of the tax relief for persons earning between \$20,000 and \$30,000 of \$244, but this does not balance out what he loses in unit trust. His tax liability goes up from \$1,800 to \$2,100.

I come to a person earning \$3,000 per month and you will realize that this is the bracket for the vast majority of taxpayers. If there is a working population of 400,000 persons, at least 50 per cent of them from my analysis are in this bracket and above. In 1995, the tax liability was \$3,745 and in 1996, all things being equal with a pension of 6 per cent, no mortgage interest, taking advantage of credit union and unit trust to the full amount of \$600, tax liability goes up from \$3,745 to \$4,437. That person will be paying more income tax and not less. At \$4,000 per month the tax liability goes up from \$3,272 to \$4,085.

The Minister will realize that I am not including any dividend income allowance. I am assuming that this person is not investing in shares. A person earning \$7,000 monthly may very well do so but I am trying to make it as simple as possible for a typical taxpayer. If you look at the person earning \$7,000 per month, the tax liability in 1995 was \$10,171 per year or about \$800 per month, tax liability in 1996 is \$12,729 or \$1000 per month. The tax liability has gone up by \$200 per month. I do not think that \$200 per month is a small sum of money. Perhaps the Members on the other side may think so, but for many people that will certainly come in handy.

The net effect of the Minister's tax measures has been to increase the tax burden of the vast majority of taxpayers in Trinidad and Tobago. There is no point in their going all over the country trying to tell people that they have helped them. When people get their pay packets at the end of the month and see that they are paying more tax and not less, that is when the cookie is going to crumble and the stuff will hit the fan. The only persons who have benefited from the tax measures are the persons earning below \$30,000 per year or \$2,500 per month.

I congratulate the Minister for reducing corporation tax from 38 per cent to 35 per cent. I thought that he would have indicated that all the income tax measures were contained in a Cabinet note considered by the former Cabinet and agreed to long before the November 6 election. I congratulate him for following through with the measures that he found in the Ministry in terms of deduction in income tax, corporation tax and personal income tax. We also intended to reduce personal

income tax. The top rate is 35 per cent. We intended to go lower but some additional calculations would have had to be done.

I cannot support the Minister on the removal of incentives to saving and the deductions. The net effect of it has been to increase the tax burden of the ordinary taxpayer. In order to achieve the intentions of the Minister and the Government a further tax cut would have been necessary to level the playing field, to use the Minister's language. There is no point in telling people that their tax rates have been cut but at the end of the month they see they are paying more tax. The Minister will find out what people think about this kind of deception.

This Provisional Collection of Taxes Order gives legal effect to the collection of revenues and allows the Minister to realize his revenue estimates. On another occasion I had made the point that many of the revenue estimates that will be derived from these taxes appear to be inflated and, in fact, quite ridiculous. Inside and outside of this House and in the other place, the Minister has sought to defend his revenue estimates and personal income tax collections by claiming that there are many book transactions and transfers to state enterprises to pay income tax and this will be returned or there may be no transfer of funds, just a book transaction.

That may be so, but that assumes if one is being comparative. One is looking at the revenue collections in 1995 and the projected revenue collections for 1996. He simply cannot explain an increase of 25 per cent in personal income tax collection by talking about book transactions. In effect he would be saying that there were no book transactions in 1995 and no transfers that resulted in PAYE coming in. One has to be consistent. One has to look at the book transactions that took place in 1995 and then do an analysis and determine whether the figures are accurate. My view is that the Minister has not dealt with this matter properly.

The real issue that stands out as a red flag is the VAT collections. The total collection of VAT in 1994 was \$1.259 billion. This is for the benefit of my hon. Friend the Member for St. Joseph. In 1994, VAT peaked and in 1995, VAT declined to \$1.249 billion, a difference of \$10 million.

The Minister of Finance, however, has estimated VAT in 1996 to be \$1.768 billion, or an additional \$519 million, an increase of 42 per cent.

2.20 p.m.

Let us assume that VAT has peaked and may now have reached a plateau—the previous administration using the same staff and the same methods were unable to increase VAT collections in 1995 over 1994—and that my Friend, the Minister of Finance, can work some magic and suddenly \$519 extra million will appear, I do not think so. The Minister sought to explain this by claiming that there were refunds of VAT in 1995 and the actual collection of VAT in 1995 was close to \$1.7 billion. That is a nonsense, Mr. Speaker. It is simply an excuse given by the Minister and he knows better.

The collection of VAT is net. It is receipts minus refunds. When one puts the figure in this book, it is net. Is the Minister of Finance trying to say that there were no refunds in 1994 and 1995, or there will be none in 1996? Is he telling us that he will collect an additional \$519 million in 1996 and there will be no refund? Is that what he is saying, or is he saying that there will be similar refunds in 1996 as in 1995? The numbers just do not add up. I can only go by the documents in front of me.

When I look at the estimates of revenue collection and I go to the figure for value added tax, one sees that value added tax collection in 1994 is \$1,259 million; 1995 estimate—\$1,641 million; actual 1995 revised estimate—\$1,249 million; 1996 estimate—\$1,768 million, a difference of \$500 million. I can only go by this. I have discussed this with persons who have some expertise in accounting and their view also is that this is simply an excuse. The Minister was caught off-guard, he did not know what to say, so he said that there were many refunds in 1995 and he did not add them in the figure. That is all it is. I hope he will not seek to explain the figure by repeating that—by saying that he will deal with refunds in 1996.

My view is that the Minister has not explained to the national community the disparity between the revenue collection figures of 1995 and the revenue collection figures of 1996. There is a difference of over \$1 billion and I really do not care how he tries to explain it away. As the months go by and the collections are not realized and the Government has to cut back on expenditure, Members on the other side will realize that many of their pet projects in these documents will not come to pass because the Minister of Finance just will not be able to release the funds. It is as simple as that. The Minister can come to this Parliament and say whatever he wants, but the numbers simply do not add up.

Let us move on. This Provisional Collection of Taxes Order raises revenue for the Government, and when I look at the pattern of expenditure for 1996, again, it is a matter of concern. The total recurrent expenditure has been increased by the Minister by \$1.1 billion over 1995. However, when one compares the actual capital expenditure with the capital expenditure in the budget, one sees a decrease of about \$200 million. The actual development programme in 1995 was about \$1.3 billion and the figure shown in the budget document, \$1.1, so there is a decrease of about \$200 million.

What is the philosophy behind increasing the recurrent expenditure by \$1 billion and cutting capital by \$200 million? What is the rationale? Where is this done anywhere in the world? Why is the Minister pouring more money into the non-productive sectors and taking money away from the productive sectors? What is the economic philosophy behind that? How does the Minister intend to generate growth by suppressing capital expenditure and increasing recurrent expenditure? He is not going to do it. Where will the jobs be generated? In the public sector? The effect of cutting the capital programme is to suppress economic activity in the private sector which is where one assumes that employment generation will occur. So that taxation and revenue measures and the statements of the Minister are totally contradictory. He has increased recurrent expenditure and cut capital.

I have to make the point again. The Minister of Finance is on record outside of this Parliament as indicating that under his stewardship not one single new job will be created in the public sector, but when one looks at the actual figures, one sees an increase in personnel expenditure of \$140 million; one sees increases across the board in a number of ministries. What is this money for? Can the Minister honestly say that he will not be party to a single new job in the public sector?

The Minister made heavy weather of the fact that we ended the year with a small fiscal deficit, but when we demitted office, we were heading for a surplus. The Member for Pointe-a-Pierre, however, who clearly does not speak to his Permanent Secretary, his Parliamentary Secretary, and certainly does not speak to the Minister of Finance, incurred significant additional personnel expenditure in the last two months of 1995, by issuing memoranda and circulars increasing employment in the local government section, increasing the wage bill and, as a matter of fact, in one of his contributions in this Parliament, he said that these things were sent out without his permission. However, that is beside the point. It

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does not matter. The fact is that in the last two months of 1995, this Government engaged in squandermania and blew the fiscal surplus that would have been achieved *[Laughter]* They can laugh all they want. When the actual figures become known to the general public, it will be proven that that is exactly what they did.

The fact is that they are speaking out of both sides of their mouths. They talk about cutting taxes and helping people, but they are increasing people's tax liability. They talk about two-thirds of recurrent expenditure going on wages and repaying the public debt, yet my erstwhile colleague sat in a Cabinet for two years, participated in three budget preparations, was an integral member of the team that prepared these budget measures and certainly would have known at that time that two-thirds of expenditure goes to wages and public debt.

2.30 p.m.

The Minister has a convenient memory lapse. He now comes to this House, makes a big song and dance about the fact that these items make up the majority of the expenditure. This is not the way I expect hon. Members to behave. He came and made a big song and dance, too, about having to get the expenditure down. Cut it down! Yet he increases it. I do not know if Members on the other side know this.

If one works out the proportion of the expenditure in 1995 for wages and debt and then works out the percentages in 1996, one will see that it is higher. Mr. Speaker, I do not think the Members on the other side understand the effects of the Minister's pronouncements. *[Interruption]* This is an order to collect taxes to raise revenue so I am quite—subject to your corrections, of course, Sir—within my rights to talk about revenue. I am not aware that there is a problem here. The Members do not understand that when one talks about something like this, one can talk about the implications, the effects, what caused it and so on. As I deal with the philosophy behind this piece of nonsense I will get into the actual figures. The Member for Siparia will learn some things, Mr. Speaker, I know she is not trained in finance. *[Interruption]* I know she did not do Maths in school. I asked Members on the other side to look at the proportion of the total expenditure—*[Interruption]* just as the Member for Couva South he did not do Maths either—in 1995 and to look at it in 1996 and one would see that it has gone up, despite all the old talk from the Minister of Finance.

I think it is necessary for the general public to be aware that this is a Government that says one thing and does another. As time goes by we will see more of the inconsistencies of this Government, the cavalier manner in which they deal with very complex issues, the superficial manner in which they simply dismiss important issues. With respect to the removal of the tax deduction for Unit Trust that is just an excuse by the Minister. He has completely missed the point. The issue has not simply—as the Minister said—come of age, it is that taxpayers previously had a deduction for Unit Trust. They were encouraged to save because they were given that tax deduction so they got two bites of the cherry; they got a deduction for the income tax and they also had an incentive to save.

No replacement measures have been put in place to deal with the tax credit and the incentive to save that the ordinary taxpayer got. As a matter of fact, there are no incentives in this budget to encourage savings. The tax free savings bonds have gone, the tax credit on the TTMF bonds has gone, and the Minister has claimed that the reduction in the marginal tax rates gives the taxpayer more disposable income so that he will take the money which he would have spent on the Unit Trust and credit union, and use it to put a deposit on a house, and so forth. But I have illustrated to you, Mr. Speaker, that that is a nonsense because the deductions have gone and the taxpayer has to pay more tax so, in fact, his disposable income is less. Where then is this imaginary additional disposable income that the taxpayer has? They have taken it away. It is like the imaginary \$500 million in VAT that will never occur. The tax liability for anyone earning more than \$3,000 has gone up. They have completely eradicated all the savings under the Unit Trust and so forth, therefore there is no more disposable income. Where is the incentive for saving? It is not there.

In my view, what the Minister has, in fact, done in a rather slipshod manner, is simply listened to the advice of the foreign consultants to whom he paid \$1.5 million to prepare this budget. They have not analyzed the true effect of these measures. He bought a budget, like he bought a government, for about the same amount of money too!

I believe that the Members of the Cabinet and the Minister of Finance have not analyzed the effect of these measures. They have simply followed the advice of foreign consultants and have introduced a number of measures which have no relationship to the culture and sociological make-up of Trinidad and Tobago. This gross ignorance of the culture and sociology of Trinidad and Tobago is an

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emerging pattern I am seeing coming from Members on the other side. That is why, in a cavalier fashion, the Member for Couva North struck off Easter Monday, without hesitation. *[Interruption]*

The Member for Couva North is completely oblivious of the cultural and social significance of Easter Monday, and that is why they are completely oblivious of the social effect of these budgetary measures. Easter Monday is not simply a religious holiday. As a matter of fact, I wonder how many Roman Catholics there are in that Cabinet, there cannot be too many. It has something to do with the composition of the Cabinet too. Easter is a time for reflection; it is the second most important event in the Roman Catholic calendar; the birth of Christ being the first, and families take time over the long Easter vacation to reflect—*[Interruption]*

Mr. Panday: Mr. Speaker, are they objecting to the Baptists?

Mr. Imbert: Mr. Speaker, those who are oriented to deep religious undertakings, go off on retreats and so forth. With one strike of the pen the Member for Couva North has taken that away.

In addition, Mr. Speaker, families take time during the Easter vacation to spend time with their children, it is a traditional thing in Trinidad and Tobago. I expect that they will take away Boxing Day as well because they do not understand the cultural and sociological significance of that Christmas holiday. As I said, I am not sure how many Roman Catholics there are on that side; there are not too many. If one reads the *Hansard* one would see in my contribution to the debate on public holidays—*[Interruption]* I am talking about the cavalier manner in which they just do things.

Mr. Panday: What does this budget debate have to do with public holidays?

Mr. C. Imbert: Mr. Speaker, I indicated in my contribution that I supported the giving of a holiday for the Baptists. They could say what they want to on that side. *[Interruption]*

Mr. Speaker: Hon. Members, the Member for Diego Martin East has not sought my protection, but it is becoming difficult to hear him because of the noise.

Mr. Maharaj: We apologise, Mr. Speaker.

Mr. C. Imbert: Thank you very much for your kind intervention, Mr. Speaker, but that will not be necessary at this point.

The Members on that side are making serious errors. If one looks at the budget allocations which flow from the Collection of Taxes Order—one can talk on anything in the budget—one sees, again, in cavalier fashion, that the Member for Oropouche has struck out the whole Urban Development Programme in Port of Spain and San Fernando. The Member for Oropouche is on record in this House as saying that there was an overwhelming imbalance of projects in Port of Spain. The fact of the matter is, that the Urban Development Programme—and I think it is necessary to put it in *Hansard*—was at most 5 per cent, that is one-twentieth of the capital programme of Trinidad and Tobago over the period 1995 to 2001.

2.40 p.m.

The Urban Development Programme was a six-year programme with an annual expenditure of approximately \$65 million. That is how \$400 million was arrived at. It is not \$400 million in one year, it is \$400 million over six years, and the Member is aware of that.

Mr. Speaker: The hon. Member's speaking time has expired.

Motion made, That the hon. Member's speaking time be extended by 30 minutes. [*Dr. K. Rowley*]

Question put and agreed to.

Mr. C. Imbert: Mr. Speaker, the fact of the matter is, the cavalier manner in which this Government is going about its business. The Member for Oropouche, the Minister of Planning and Development, looks at the budget and sees projects in Port of Spain and says, we have no representatives in Port of Spain, so take them away. That is exactly what has happened. Then afterwards he makes excuses about \$400 million being too much to spend in one place, and he is talking about the centre of Government, the centre of Parliament, and a place where one-quarter of the population comes every single working day. It is a matter of record, that close to 300,000 persons visit Port of Spain every single day, so 25 per cent of the population utilize the facilities in Port of Spain. However, the Minister thinks that five per cent of the annual development programme is too much for a place that 25 per cent of the population uses on a daily basis. The Member could explain all he wants, he could say all he wants, but those are the facts. It is the cavalier manner in which this Government is operating—[*Interruption*] and I would say it 15 times again—

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The other point I wish to make is that the national library building is not simply a building, it was intended to be a centre of learning, a centre of knowledge, an information centre, not just for Trinidad and Tobago, but for the Caribbean.

The intention was that the national library would serve as an important information source and an important repository for information for the Association of Caribbean States. The intention was that the public would have had free access to the internet. I wonder if they know what the internet is. The intention was, that the constituents represented by the Members on the both sides would have had easy access to the latest communication technology in the world; they would have been able to access the internet, state-of-the-art, and determine exactly what is happening in the world right here in Trinidad and Tobago. That was the intention of the latest technology in information. A library is not just books, old pieces of paper. The latest electronic technology was intended for that building; the latest audio visual aids. But according to the Member for Oropouche, that project is not important because it is in Port of Spain. Well, build it in Chaguanas; build it in Couva; I do not mind, just build it. [*Desk thumping*] I am asking the Member to build it, wherever.

The National Performing Arts Centre, again, was to be a centre for training in the performing arts and production; something our artistes had been crying out for, something that is necessary in Trinidad and Tobago. It is not only because the artistes were crying out for it, but it was necessary to have a centre for all of the performing arts—dance, theatre, calypso, steelband, chutney, classical Indian music and dance. It is necessary to have such a centre. Again, if the Members feel they want to build the national performing arts centre in Chaguanas, I have no problem with that; build it in Chaguanas. Again, do not come to this honourable House and say there is no need for these projects. I am making the point in answer to the comments of the Member for Couva North, I am indicating the reasons given by the Member for Oropouche which clearly, the hon. Member for Couva North has not been listening to. His Minister of Planning and Development did not say that the projects are important and not properly located, he said that the projects should not be built at all, because they are in Port of Spain. That is an imbalance. I am saying if the Member feels that is not a good place to put the projects, then put them somewhere else.

If one looks at the amendments, the Minister came to this House and said that he had to make changes to the definition of cheese and macaroni. I remember in the Minister's presentation, it was replete with references to the poor man, the

little man and the small man; and "we have taken VAT off cheese because we want to help the poor," and so forth. But when one looks here, what does one see? Delete the words "cheddar cheese", and substitute the words "cheese and curd". So what we are talking about is no longer cheddar cheese, it is Stilton and Camembert, Brie and all the extravagant gourmet cheeses which have now been allowed. *[Interruption]* The poor cannot have access to Stilton, Camembert, Brie.

Let us look at macaroni. Previously it was macaroni, now the Government has taken it out and put in lasagne, gnocchi, ravioli, cannelloni. What are we talking about again, Mr. Speaker? Do the poor eat ravioli?

Hon. Member: Yes.

Mr. C. Imbert: Do the poor eat gnocchi?

Hon. Member: Yes.

Hon. C. Imbert: Do the poor eat cannelloni?

Hon. Member: Yes.

Mr. C. Imbert: My goodness, Mr. Speaker, does the hon. Member know what is cannelloni? Mr. Speaker, does the Member know the price of that? *[Interruption]*

Mr. Speaker: Hon. Members, I do think that we are going a little too far on one side, we should hear the hon. Member in silence, please.

Mr. C. Imbert: I thank you for your intervention, Mr. Speaker. The excuse given again, superficial, cavalier, flim flam. The Customs Act defines it as "pasta". Well, then the Minister of Finance should amend the Customs Act; that is what the Government should do. This Collection of Taxes Order amends the Customs Act in many places, and also amends the definition in the Customs Act and makes it absolutely clear that you want to exempt VAT from macaroni and cheddar cheese. Do not come into this House and say, because the definition is "cheese and curd" and "pasta" in the Customs Act, that we have to put ravioli and cannelloni, Brie, Stilton, gnocchi and whatever else 'designer' cheese with which you could come up to be exempted from VAT.

2.50 p.m.

Mr. Speaker, that brings me to my next point, that this is a vaps Government, because this does not deal with the issue of helping the poor man, it helps the rich

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man. That is what it does. To exempt ravioli from VAT helps the rich man. To exempt ham, bread and cheese from VAT, is helping the rich man, not the poor man. All that has to be done is a little more work; spend a little more time and get it right.

Again, in the Provisional Collection of Taxes Order, there was consistency going back to clause 6, registration of locally assembled motor cars. Initially, there was consistency that 1599 cc was used as the cut-off point for a certain level of registration fee and the Minister then exempted new motor cars of cubic capacity 1599 cc or less from customs duty. I have no problem with that. Good move! But the point is, having been consistent in his original collection of taxes order, having made a song and a dance about removing the customs duty from new motor cars below 1599 cc to deal with this used-car matter, he then comes to this House with no explanation, as usual, surreptitiously, in a cavalier manner, if it is possible to be cavalier and surreptitious at the same time, and changes the cubic capacity for used, stolen motor cars from 1599–1799 cc.

What is really going on here? Is it that a delegation from the used motor car assemblers visited the Minister and told him that most of the cars they assemble are 1800 cc, not 1600 cc, so send it up to 1800 cc? Is that what took place? I feel so. A vaps Government again.

The Minister of Finance must take a good look at that, not just that 1799 cc matter, but look at that whole thing, because one is going to run into trouble with that issue.

When one goes through this Provisional Collection of Taxes Order, what has the Minister done? He has made it legal to sell alcohol in a supermarket on Sundays. Did they consult the Roman Catholic Church? No. And may I ask the question how many Roman Catholics are in that Cabinet? I want to know. The Minister has made an excuse that alcohol is available in rum shops, restaurants and clubs and someone can go into a restaurant or rum shop and buy alcohol, so what is wrong with allowing him to buy it in a supermarket on a Sunday? Again, missing the point.

What the Minister has done, by making it legal to sell alcohol in a supermarket, is to encourage the consumption and purchase of alcohol by minors. That is what he is doing. Because when one is in a supermarket with a tray full of soap powder, diapers, toilet paper, ravioli and Stilton cheese and lasagne, and there is a bottle of rum underneath there, do you think the cashier is going to ask

the person purchasing the alcohol to see his or her ID card? Let me see whether you are over the age of 18? Certainly not. So what this measure does, is encourage consumption of alcohol by minors on Sundays. And again, the flippant, cavalier manner of the Members on the other side. They are encouraging consumption of Alcohol on Sundays and religious holidays.

Look at the reduction in duty on whisky. I know the Minister is fond of Johnny Walker Blue and Swing.

Hon. Member: How do you know that?

Mr. C. Imbert: Well, he was my campaign manager. I do not hide that. I know the Minister is fond of Johnny Walker Blue. I do not understand. I have been advised by supermarket proprietors that, because of a curious quirk in the Minister's measures, the price of the cheapest brand of whisky has either remained unchanged, or has gone up slightly. Perhaps the Minister may correct me on that. I do not know whether it is true, but I have been advised that the cheapest form of whisky, has remained the same, or gone up, and Blue, Swing and Johnny Walker Black have come down. Again, what is going on? Who are these measures designed to help? I really do not know.

This Government talks about levelling the playing field. When one looks at the effect of the measures, the Unit Trust is attacked and they say the reason is that they are levelling the playing field. For whom are they levelling the playing field? Is it the poor man? Is it the parasitic oligarchy?

Mr. Maharaj: You are against the parasitic oligarchy?

Mr. C. Imbert: No. I love them, as I love all Trinidadians and Tobagonians. The fact is, when one looks at it, every single thing that the PNM Government put in place for the poor man, such as the Unit Trust and the credit union, they have gone after. They hit the Unit Trust to level the playing field—not for the poor man. They have gone after the credit union to level the playing field—not for the poor man. They take out projects in Port of Spain—not to help the people in Laventille, because that would have generated employment for them and also the people from Sea Lots, Woodbrook and Belmont. The projects would have generated employment for the tradesmen, craftsmen and construction workers in the general environs of Port of Spain. Again, they have gone after the poor man.

Mr. Speaker, many of the arguments that have been put forward for these tax measures, while the Minister says one thing, the effect is totally different. Let me

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help the Members on the other side, because there are other speakers to come and we will not be taking up too much of your time today.

May I end by indicating that a proper scientific analysis of the taxes will indicate that the statements of the Minister of Finance in terms of the philosophy behind the budget, and the actual effects of the measures, are totally contradictory. The stated intention of reducing taxes and increasing disposable income will not be realized.

In fact, disposable income will be reduced and tax liability will be increased for the majority of taxpayers.

3.00 p.m.

Mr. Speaker, the stated intention of trying to stop the dumping of used motor cars in Trinidad and Tobago will not be achieved; instead, there will be massive dumping of stolen cars, defective cars, defective parts and further adverse effects on the local industry.

The stated intention of the Minister, of trying to make the Unit Trust Corporation stand on its own two feet, leveling the playing field will not be achieved. In fact, the people's institutions are being sacrificed on the altar of political expediency by this "vaps" Government.

The Minister of Planning and Development (Hon. Trevor Sudama): Mr. Speaker, it is my pressing duty today to deal with the Member for Diego Martin East, the new Leader of Government Business on the other side. I congratulate him on his elevation to that very distinguished post.

When I see the absenteeism on the other side, when the cat is away, the mice will play so today we had one of them playing to the audience in this House -

Hon. Member: With cheese.

Hon. T. Sudama:—especially with so much emphasis on cheese and he seems to be a connoisseur of the different kinds of cheese available on the local market.

Mr. Speaker, when I hear the Member for Diego Martin East talk about finance - he is always the expert in everything. He has been in this House for four years and has spoken on every subject under the sun whether he knows about it or

not; it does not matter. Today he has come to talk about finance and his knowledge of that may be prompted by how he checked cement in the Ministry of Works and Transport.

Mr. Narine: That was not his job.

Hon. T. Sudama: The Unemployment Relief Programme, I am advised, in 1995 purchased more cement than Trinidad Cement Limited was able to produce. That is the record he comes in this House with to speak about cavalier expenditure on government projects.

When one looks at the record of the Road Improvement Programme in the Ministry of Works and Transport, one would see that they spent more than 50 per cent of the allocation in 1995—an election year—than the revenues that were obtained. So that this year 50 per cent of the provision for the Road Improvement Fund will have to meet the expenditure incurred in 1995 in a vain attempt to win the general elections of that year. That is their practice in terms of spending money in Trinidad and Tobago, but they come here to lecture to this side on profligacy and expenditure patterns and not knowing what one is doing and so forth.

He spoke about projects in the capital expenditure programme. Here he is telling the House that the Government is reducing productive expenditure.

Mr. Imbert: That is a fact.

Hon. T. Sudama: Mr. Speaker, how does he identify productive expenditure? Is it expenditure on the performing arts theatre? Is it expenditure on the beautification of Port of Spain? He does not tell us what is productive expenditure. When one looks at the record of the previous government year after year, how they have spent money, how they have denied the people of this country their patrimony, how they have in the most cavalier fashion - to use his words - sunk \$150 million of this country's resources in La Brea in order to attempt to build an LNG plant in a pitch lake against all the technical advice -

Hon. Member: Waste.

Hon. T. Sudama: They come here to talk about wasting money and cutting back expenditure. If that expenditure was not incurred, then there would have been enough savings to build a library, to create development projects in the constituency of La Brea, whether in small scale manufacturing, fishing, agricultural activity, or in going downstream with products from the pitch lake.

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There would have been enough investable funds to create the kind of jobs that the people of La Brea could have accessed.

As I said, the manner in which they have spent this country's money in the past, and have dissipated the financial resources of the public in this country, there are many of them on that side who deserve to be put before a commission of inquiry and dealt with.

Hon. Member: You do it.

Hon. T. Sudama: Today they come here to talk about this Government cutting back capital expenditure. The situation in which they left the resources and revenues of the country when they demitted office was such that we had to make adjustments, and when adjustments are made all expenditures of the economy have to be adjusted. We have had to reduce expenditure on schools - very necessary things; also on some of the road networks, on many infrastructural works—drainage and so forth—that were necessary because the funding was just not there.

May I inform the Member for Arima that we had included a school in Arima and provision has been made for it.

Hon. Member: That started before.

Hon. T. Sudama: May I also indicate to the Member for Diego Martin West that he has a choice; it is either he has the Carenage Government School or the Upper Patna Village Government School. They are both in the constituency of Diego Martin.

Mr. Imbert: No.

Hon. T. Sudama: Mr. Speaker, when one has to make choices, there is no question—this silly argument they come with, that we have come here to discriminate against their constituencies. When I outlined in this House all the various projects which we have initiated, the majority of them are in PNM constituencies.

Let me explain for the umpteenth time, and he comes here to this House to speak a falsehood—

Mr. Imbert: Mr. Speaker, on a point of order. The Member is using insulting and offensive language. Standing Order 36 (4) states:

“It shall be out of order to use offensive or insulting language ...”

The Member is accusing me of a falsehood, and that is offensive so I ask that the Member be asked to withdraw it, Mr. Speaker.

3.10 p.m.

Mr. Speaker: The Member for Diego Martin West has risen on a point of order. He has claimed that the Member for Oropouche has used language which is offensive to him, the offensive words being that he has spoken a falsehood, and he has quoted Standing Order 36 (4) which reads:

“It shall be out of order to use offensive or insulting language about Members of either Chamber of the Legislature.”

If one has indeed used a falsehood, if one has indeed said something that is untrue and a Member says that you are claiming that, although it is true to say it is out of order, I would rule that in the circumstances in which it was used, in the context in which it was used, it is permissible. [*Desk thumping*]

Hon. T. Sudama: Mr. Speaker, I was just going to explain that the Member has accused me of stating that the library project in Port of Spain—has been cancelled and will no longer go forward. I have said in this House, and in the media, that all we have done with the library project is to defer continuation of construction until the finances permit us to do so. Nowhere have I said, Mr. Speaker—and if he is going to say that I said so, he is going to have to bring the evidence to this House.

Mr. Imbert: Mr. Speaker, again, I am referring to the original point of order. I said no such thing and therefore I could not have been speaking a falsehood. What I said, Mr. Speaker, is that I quoted the Member as indicating there was an overwhelming imbalance of projects in Port of Spain and that was too much money for the City of Port of Spain, so if that is the falsehood, I uttered no falsehood.

Hon. T. Sudama: Mr. Speaker, the falsehood is that he has accused me of saying that the library project has been cancelled. That was false.

Mr. Speaker: Members, we could pass off that. We could move on. We have dealt with that issue.

Hon. T. Sudama: Mr. Speaker, it is their mentality. They have come from a culture that has discriminated in the past against Opposition constituencies and they come with that perspective in this House and want to think that everyone else has the same kind of thinking, the same consciousness when they are dealing

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with the public finances of this country. This is the problem we face. In particular, that Member for Diego Martin East in this House who discriminated in terms of the expenditure pattern of the Ministry of Works; deliberate discrimination against Opposition constituencies. He has been guilty of that for four long years and more; and comes here to talk about discrimination against certain areas.

Mr. Speaker, those projects which we came and met and were ongoing and which could have been afforded within the financial limitations of the Government were proceeded with. We are proceeding with the continuation of the Industrial Court Project in Port of Spain, and with the building of the head office of the Works Ministry in Port of Spain. These two projects alone, Mr. Speaker, would cause the expenditure of over \$100 million, close to \$150 million.

Miss Nicholson: Out of \$800 million.

Hon. T. Sudama: Just these two projects.

Mr. Imbert: What!

Hon. T. Sudama: Mr. Speaker, what I have explained to this House, but they were not here, they chose to walk out on that occasion was that except you provided an allocation of about \$50 million in 1996 for the library project, it just did not make sense because you could not have proceeded with any significant portion of that work with a minimal allocation. This is why we thought we would defer continuation of that project until next year, or another time when there were sufficient finances available to deal with it. That is the position I have taken in this House and elsewhere. So to come here to accuse me of saying that the project is cancelled, is a deliberate distortion of the truth. And lo and behold, there is this touching concern for the people of Laventille.

For 40 years they have been in power, or 35 of those 40 years that PNM government has been in power. Look at the condition of the people of Laventille today, after 35 years of PNM rule. Touching concern now for the people of Laventille, who have been denied jobs because they have to defer certain projects in Port of Spain. The people of Laventille suddenly come to the forefront of their consciousness as to what other people are doing for or denying, the people of Laventille; and today, the people of Laventille could only look forward to some watered-down soup in some delayed soup kitchens after 35 years of having supported the PNM; touching concern for Laventille. That hypocrisy on the other side is of the highest order.

Hon. Member: You do not know Laventille.

Hon. T. Sudama: They come here to talk about Laventille and how this Government is denying the people of Laventille.

Hon. Member: He never went to Laventille.

Hon. Member: He does not know Laventille at all!

Hon. T. Sudama: I did not mention Laventille. The Member for Diego Martin East mentioned Laventille and that we are denying the people of Laventille. But look at your record for 35 years—what have you done for the people of Laventille? Now you come here to cry crocodile tears about Laventille and its residents.

Mr. Maharaj: We are going to deliver to the people of Laventille! [*Desk thumping*]

Hon. T. Sudama: May I reiterate, Mr. Speaker, that this is a Government for all the people of Trinidad and Tobago. All!

Mr. Hinds: Constituents want the library facility.

Hon. T. Sudama: Today I have heard so much about advanced technology which has gone in the library. They built Mt. Hope Medical Sciences Complex.

Miss Nicholson: A shell. They never opened it.

Hon. T. Sudama: They did not have the money to make it serviceable.

Miss Nicholson: Neither the activity to open it.

Hon. T. Sudama: When the NAR Government came into power, they started to make Mt. Hope Medical Sciences Complex functional.

Miss Nicholson: People with vision!

Hon. T. Sudama: So they would have built a whole library complex, would not have had the money to make it functional—all these sophisticated devices they wanted to put into it—and it would have remained there as a white elephant. This is the way they spend money. [*Interruption*] Mr. Speaker, we do not want to be lectured to on this side on how to spend money. They have to defend their record of how they wasted people's money in Trinidad and Tobago; how they are guilty of the most criminal profligacy in the history of this country. So I leave

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that matter to rest, Mr. Speaker, with respect to expenditure patterns and the charges levelled against this Government.

3.20 p.m.

Just in passing, he mentioned holidays. I did not raise the question of holidays but we must say a little about holidays. This Government has been careful to consult everybody when making its decisions. This Government has consulted the inter-religious organizations in which the Roman Catholic church is represented and with whose agreement it was decided to declare March 30 a public holiday. Since we did not want to increase the number of holidays, we had to take away a holiday which did not seem to have the same kind of significance for the whole country, as indeed Easter Monday had. Now the critical holiday there is Good Friday, and that has been retained. Therefore, that decision had been made in consultation with all those concerned.

He comes here today to talk about removing Easter Monday and whether we consulted the authorities concerned. But you see, what he seems to forget is that this Government is recognizing publicly the only indigenous religion of Trinidad and Tobago. But their colonial mentality, the colonial consciousness which they have, would not permit them to recognize anything indigenous in this country and it is for this Government, which is a government of all the peoples of Trinidad and Tobago, to recognize that religion, to recognize the oppression and deprivation to which they were subjected and to give that public acknowledgement. But it shows where they come from; it shows their thinking. They have been against everything indigenous in Trinidad and Tobago, because over the last few years under the PNM regime, we have reverted to neo-colonialism in this country. We have invited foreigners to come and dominate every aspect of life and living in Trinidad and Tobago, and that has been overseen, supervised and propagated by a PNM regime over the years.

As we come here to talk about developing the indigenous potential of our people, I come to the question of the foreign used car industry. The first point I want to make is that the Commissioner of Transport is required by law to register a used car which is presented to the Transport office. It was merely through an order from the Minister of Trade and Industry, who got in one morning, had a "vaps" and decided to write and say that no more used cars will be registered in this country. But there is no law against it and if there is a law against it, then quote the law to me, where one cannot register a foreign used car in Trinidad and Tobago.

The question is, who were they protecting? Whose interests were they protecting when they banned the registration of foreign used vehicles in Trinidad and Tobago? It is a question that we have to raise. I want to make the point that we have to develop this country on the basis of the skills that we have available to us. We are looking into the question of the foreign used car industry as one which, properly regulated and controlled, has many advantages to offer this country.

First of all, if the assembly of foreign used cars is put on a proper footing, we can increase employment opportunities right here in Trinidad and Tobago. Secondly, we can conserve the amount of foreign exchange that goes out of the country by getting this foreign used car industry on a proper footing. Thirdly, we will cause the development of automotive skills among our population because in the process of putting cars together, skills are created. *[Interruption]* You see the folly? And they do not really understand. Do you understand how the Japanese car industry developed? They engaged in what is called reverse engineering, where they got the motor vehicles in parts and put them together, and in that way they developed their engineering skills for the manufacture of motor vehicles. But they do not understand those things; they have one single thought that, if they do that, it will encourage car stealing. There is already a lot of car stealing, regardless of what you do, and their government has been there for so long and has not been able to control it.

I have spoken about the possibility for employment creation, foreign exchange conservation, the development of automotive skills among our people, and indeed, the possibility of exporting those skills which have been developed.

The contribution to exports—do you know what is happening, Mr. Speaker? These foreign used assembled cars in Trinidad and Tobago are being exported and earning foreign exchange for this country. They are being exported to Barbados. As a result, if we get into that with a properly regulated mechanism, we can develop small scale business in Trinidad and Tobago. Now, we are not advocating that would be a free-for-all. We are looking into the question, but certainly one of the things that we have to do is to license garages. We have to make sure that they keep proper books with respect to what they purchase, what they use—have a monitoring system in place; strengthen the resources of the Licensing Authority and the customs department.

Once the regulatory mechanism is in place, there is the possibility of creating a viable industry here which will most importantly, reduce the cost of vehicles to

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the low and middle income groups in Trinidad and Tobago. When one looks at the cost of new vehicles coming to this country and the fact that they cannot be afforded, when in the past few years you had anything like 20,000 to 30,000 new vehicles registered per annum and that has been reduced to 4,000 and 5,000 vehicles per annum, one understands that new vehicles have gone, largely, outside of the range of people of middle and low incomes.

3.30 p.m.

We feel that with a properly regulated used-car industry in Trinidad and Tobago, we would be able to get more affordable vehicles to these income groups, and have the other advantages of employment creation; development of skills; small scale business expansion and, indeed, foreign exchange earnings; contributions to exports; conserving on the amount of foreign exchange which leaves the country and so forth.

It is that kind of perspective that this UNC/NAR party brings to government. We want to develop what is indigenous. We want to develop the potential and skills of our people so that we can solve the critical problems of unemployment and under-employment in this country. *[Interruption]* Mr. Speaker, there is a risk in anything one does. What one has to do is to establish the mechanisms to control and minimize the risks involved.

When one looks at the whole picture, one would see that the advantages of developing such an industry seems, on the face of it, to outweigh the disadvantages, but we have, as I said, to look into the question of the control and regulatory mechanism.

They come here and talk nonsensically and vacuously of how this measure would encourage car stealing in Trinidad and Tobago. There was a government that presided over an escalation of crime in this country and did absolutely nothing, except to demoralize the police service of Trinidad and Tobago. They did absolutely nothing about it and encouraged criminal activity in this country by their actions. Here they are concerned now about car stealing. What did they do to control car stealing when they were in power? I would like them to tell me. What did they do? They did absolutely nothing to control that aspect of criminal activity in Trinidad and Tobago.

We are saying that we would look into the question of having garages licensed and monitored; having them keep books in order. *[Interruption]* Of course. Where would one get the staff? *[Interruption]* We would not get the

staff. We would go to Mars to get the staff. There is not sufficient skill in Trinidad and Tobago to deal with this.

Mr. Speaker: Hon. Members, there is some difficulty being experienced by the Verbatim Reporters who are duty-bound to report everything that is said here in this august Chamber, and it is extremely difficult for them when one does not speak *sotto voce*, but in tones that they could be heard at the other end of the Chamber. Please!

Hon. T. Sudama: Thank you, Mr. Speaker. I hope that your admonition has fallen on receptive ears on the other side. I am grateful for the fact that you are, indeed, setting a proper tone in this House with respect to debates and the conduct of Members on this side.

I was saying that all the arguments coming from the other side against the development of the used-car industry in Trinidad and Tobago really carry no water, bear little reason and defy the positions they took while in government. We are looking at the issues afresh and saying that when we look at this, having the objective of trying to develop all aspects of the economy of Trinidad and Tobago, it is our duty not just to look at an aspect of the negative possibilities involved, but to take that and see how we can correct that and look at the positives.

We came into government with a new kind of thinking; a new perspective, and we would not be pulled back into the kind of mire and negativism that inspired the conduct of governmental business on the other side.

I trust that I have explained the whole question of patterns of expenditure, and the need to curtail capital expenditure given the revenue constraints. The Minister of Finance, in presenting the budget, spoke about the huge deficit that was the provisional legacy of the PNM regime when they demitted office at the end of 1995. One had to confront that provisional deficit of over \$3 billion—the gap between the anticipated revenues and the projected expenditures. As a result of that, we had to scale down capital expenditure in order to come within a reasonable budget framework to be presented to the people of this country. This is what we have done.

In the process of doing that, it was necessary to cut back certain capital expenditures and proceed with others. This is what we have done. I am repeating that this Government does not plan to abandon the National Library Complex project. It would be done on a phased basis as the expenditures permit, but then we had to look at developing capital projects on a balanced basis, both regionally

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and across industries and sectors. That is how we would proceed. That is what we have a mandate to do. We went to the country with that kind of perspective of development, and that is what we intend to pursue.

Of course, we also came into government with new ideas of how to develop the economy of Trinidad and Tobago and industries with potential. One of those is, of course, the foreign used-car industry. We have other ideas to deal with other sectors of the economy to get sustainable growth which is inspired by local entrepreneurship. This is what we are attempting.

Once we get the country moving in that direction, the future of Trinidad and Tobago would be assured. We are not going to rely solely on whatever benefits may accrue from the energy sector and confine our focus solely on development and capital expenditure in the energy sector as was the practice of the previous PNM regime.

In fact, while we have to do that, and develop energy and energy-based industries, we cannot only focus our attention on that to the neglect of the other economic sectors. This is what we are doing, and this is what we mean by balance; a balanced investment strategy and a balanced economic strategy for sustainable development and job creation.

It is that kind of vision we intend to bring to the development strategy and policy of Trinidad and Tobago. We would be concentrating on the agricultural sector to a far greater degree than was done in the past, simply because we feel that it is a sector which has a great deal of potential for growth, job creation, reducing the cost of food in the country and, indeed, for exploiting the export potential of our agricultural products and niche markets.

We would be looking at the small scale sector, small and medium businesses, micro enterprises, small scale manufacturing and service projects and service enterprises to attempt to develop the entrepreneurial skills of our people. It is in that area there is the largest potential for job creation. Then, of course, we are going to look into the tourism sector.

Again, the potential of that sector, both in Tobago and Trinidad has not been fully realized and our duty is to see how we could integrate the external and internal tourism perspectives. We have to create recreational facilities and hospitality facilities both for the foreign visitor and for local residents. In such a scenario we would improve the occupancy rates involved and make these amenities more available to all concerned. When we do that we would not only be

creating more jobs, but also developing the tourist potential throughout Tobago and, indeed, throughout Trinidad. We would also be conserving foreign exchange in the process and setting the framework for a more integrated economy in this country.

Mr. Speaker, there is much more I have to say about our developmental strategy and our broad vision for Trinidad and Tobago, but I thought at this juncture I would just rise to respond to some of the falsehoods perpetrated by the Member for Diego Martin East, and, in fact, respond to some of the distortions in his presentation. Also, to respond to the thinking in which his party has grown up, that is, to deny and suppress anything indigenous to Trinidad and Tobago; to expose his colonial thinking and mentality and, indeed, that of his government, and to tell this country that this Government intends to pursue a new path for the people of Trinidad and Tobago; to have a new vision and give new guidance and direction as we look forward with hope and faith to the 21st Century under this UNC/NAR Government.

Thank you, Mr. Speaker.

3.40 p.m.

Mr. Martin Joseph (*St. Ann's East*): Mr. Speaker, in joining this debate my intention is to focus on one aspect of what I consider to be the Government's disincentive to savings. I have listened to the hon. Member for Oropouche, who has accused us on this side of operating out of a mindset which comes out of our colonial thinking and behaviour; being concerned with foreigners to dominate every aspect of life in Trinidad and Tobago and not about developing things that are indigenous.

I find it very ironic that the Member for Oropouche made those remarks. The area on which I intend to focus in a very short contribution deals with the whole question of savings and investment. They have accused us on many occasions of inviting foreign investors to dominate the aspect of our economic life, growth and development. The Minister of Planning and Development spoke a lot about job creation and we are aware that that can only come from investments. We all know that investments can come from one or two sources. It could come from foreign investment that is, foreign capital, or from local domestic savings.

I must applaud the Government because the budget statement talks about increasing the acceleration of the level of investment as well as the generation of a high level of domestic savings. We recognize that the choice of investment

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capital can either come from domestic savings or foreign investment. In this country we also recognize that foreign investment brings with it certain types of concerns, not the least being at this particular point in time, the question of competition for foreign investment.

We are all aware that there is a higher level of competition because gone are the days when the flow of foreign investment into countries like ours was based on the question of the politics of the day such as communist versus capitalist. Now that is all gone and there are larger numbers of countries competing for foreign investment. Countries are recognizing that one of the things they must do quickly is to increase the extent of local domestic savings so that they would not have to rely so heavily on foreign investment.

When one looks at what is referred to as the Asian tiger countries in terms of their levels of domestic savings one sees that they save almost 25 per cent of their gross domestic product. These countries are Taiwan, Singapore and Indonesia. When one looks at a country like Trinidad and Tobago, the level of domestic savings—my understanding is and I may be wrong and I stand corrected—is about 5-10 per cent GDP. It means that there is a recognition that we need to save more. As I said earlier on, the Government in its budget is clear that there is a need for us to increase domestic savings. Having said that, a measure is introduced that deals with the Unit Trust Corporation which is designed not to do that same thing.

Look at it in another context. The other side has accused us of not being concerned about certain kinds of people in the society. When the Unit Trust Corporation Act No. 26 of 1981 was established it was designed to achieve two basic things. One was to mobilize the savings of the community and channel them into attractive investments and the second purpose was to provide a facility for owning shares by persons of modest means. A review of the performance of the Unit Trust Corporation indicates at 1982 that the combined fund size under the management of the Unit Trust Corporation was \$42 million; in 1991 it was \$410 million and at the end of 1995 it was \$1.3 billion. These figures speak for themselves. There is absolutely no doubt that the Unit Trust Corporation played a tremendous role in mobilizing savings in this country.

You would recall that I said that the second purpose of the Unit Trust Corporation was to provide a facility for owning shares to persons of modest means. Let us look at the record. In 1982 the number of persons holding units was 8,000 and by the end of 1995 there were 123,000 persons. Most certainly, the

Unit Trust Corporation was achieving its objectives and the incentives provided went a long way. It was the PNM administration that started to review the incentives to the Unit Trust Corporation. That was being done within the context of a review of the restriction in the UTC. This is important because the Minister of Finance in making his contribution in the budget mentioned that the whole purpose of some of the measures relating to the Unit Trust Corporation was designed to level the playing field.

The Unit Trust Corporation is required by law to distribute to its unit holders not less than 90 per cent of its income after expenses. No other financial institutions are restricted by that measure so that the dividend layout is at the discretion of the board of directors based on the strategic plan. It means then that some of these restrictions must be removed by way of legislation if the intention is really to level the playing field of the Unit Trust Corporation.

3.50 p.m.

Mr. Speaker, the Unit Trust Corporation is also prohibited by law from investing more than 10 per cent of its funds raised in any one unit scheme in a single entity. That means that if the Unit Trust Corporation decided to buy a bank or get into some major investment, it cannot do that.

If we cannot—and it seems quite clear that we will not be able to—convince the hon. Minister to review the various incentives given to the Unit Trust Corporation, then clearly, in order to make a level playing field, as is intended, the restrictions on the Unit Trust Corporation must be reviewed to allow it to have a hand in terms of *[Applause]* *[Inaudible]* That, Mr. Speaker, is basically my contribution.

I agree with my colleague, the Member for Diego Martin East. They cannot say this is what the policy is designed to do and then the measures, do just the opposite. That is the comment which is being made and I hope that that situation will be reviewed.

Let me just make one other point. This has nothing to do with the measures but I think I must respond to the Member for Oropouche when he made the point, in the absence of the Member for Diego Martin West, that choices have to be made with the limited resources and there is a choice between whether or not the Member wants a school in Carenage or in Patna.

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Mr. Speaker, with all due respect, Patna is in Diego Martin East and the Carenage school is in Diego Martin West. I think that distinction needs to be made. Diego Martin is not one big geographical hump. It is not a question of making a distinction between a school in Carenage and a school in Patna. The school in Carenage is for the Diego Martin West constituency and it is needed; and the school in Patna is for the Diego Martin East constituency and that is also needed.

Let me just make one final point. The constituency I represent, St. Ann's East, had in the capital expenditure a fire station which was badly needed. I noticed that in the 1996 Budget that has also been removed. Hopefully, some of these concerns raised here will be given the kind of attention necessary.

Mr. Roger Boynes (*Toco/Manzanilla*): Mr. Speaker, I rise to add to what my colleague has just mentioned on the removal of the tax credit on the purchase of unit trust shares. I wish to applaud the Government in maintaining the tax credit of 25 per cent on the net increase on purchases of credit union shares up to a limit of \$625 in 1996, pursuant to the Provisional Collection of Taxes Order, 1996. I wish to state emphatically that the proposal to remove the same in 1997 has sent a negative signal throughout the entire Credit Union Movement and in the financial sector as a whole. In short, the prejudicial effects of this far outweighs the probative value.

Mr. Speaker, hundreds of my constituents invest at the Unit Trust Corporation. It is a major recipient for invested savings for small income earners and others. It is quite clear that with participants averaging well over 100,000 in the First Unit Scheme, the same has proven to be a very successful national savings scheme. It is a fact that a tax credit serves to encourage savings in an organization which would shelter their savings from inflation and still provide an attractive earnings yield. It is a fact that a tax credit serves to encourage the average taxpayer away from the temptations of consumerism, towards thrift and savings. It is a fact that this Government has taken this credit away from the citizens of Trinidad and Tobago.

The removal of the tax credit on the First Unit Scheme will most certainly result in a reduction of the future accumulative wealth of the nation as a whole, especially holdings by the man in the street, whom the Government seems to care so much for. Words, merely words! What may sound good may not necessarily be good and sound.

The hon. Minister of Finance, in his budget presentation, indicated his Government's intention to remove the tax credit given to credit unions in 1997. It is obvious that pursuant to the Provisional Collection of Taxes Order, the said tax credit will be maintained for 1996. The hon. Minister, in his closing argument in the budget, indicated to this honourable House that his proposal to remove the said tax credit in 1997 is intended to serve as a notice to the credit unions to put their house in order. I am submitting, Mr. Speaker, that whereas it is maintained here in this very Order, the climate created by these irresponsible statements causes this particular section to have absolutely no effect. What is obvious is that the Minister and the Member for Nariva know absolutely nothing about the Credit Union Movement in Trinidad and Tobago.

Mr. Speaker, permit me to digress for one moment to say that credit unions and financial co-operatives were formed by those who were unable to access financial services from the formal system, hence they created credit unions to provide those services for themselves. The fact that they existed for tens of thousands of persons who felt alienated from the formal financial services is sufficient reason to suggest that the playing field is not level. I know that the hon. Minister would like us to believe otherwise. You see, hon. Minister, credit unions and credit co-operatives are responses to the unlevel playing field.

4.00 p.m.

Over the past 50 years, credit unions have grown from an asset base of a few hundred dollars in 1946 to an asset base of approximately \$2.8 billion.

The asset base, however, cannot be compared to a bank or another financial institution, it represents the wealth of 281,000 citizens of Trinidad and Tobago. In other words, the credit union movement is the manifestation of the desire to obtain the widest possible participation of citizens in the management and ownership of part of the financial services sector. As the movement grew many came to recognize the stabilizing role credit unions played in our social sector.

The working class, through their hard work and sweat, built this country to what it is today. They became less and less distracted with their financial challenges because their credit unions assisted them to overcome these challenges. Absenteeism decreased and productivity increased as workers were better able to focus on their jobs. The employers, wise enough to appreciate the

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vital role of credit unions readily embraced them. One can only imagine the kind of social frustration this country would have suffered, were it not for the credit union movement.

In 1982, the PNM Government, in its wisdom, allowed a deduction of \$2,500 on taxable income on shares purchased in credit unions. Over the next seven years there was an average annual increase of 19 per cent of shares purchased in credit unions.

In 1989, the NAR Government converted to the tax credit system and offered a \$300 tax credit for purchases of \$2,500 worth in credit union shares. This meant that for every \$2,500 purchased there was a tax credit of \$300. Between 1989—1991 there was an average annual decrease of 5 per cent in shareholdings under the NAR administration. It is instructive to note that in 1992, when the PNM Government increased the tax credit from \$300 to \$625 shareholdings increased by over 20 per cent. It is quite clear that the tax credit system is an effective incentive for the purchase of credit union shares. These shares are not as ordinary savings. They attract dividends based on the performance of the respective credit unions and the dividends are restricted to a maximum of 8 per cent. It is instructive to note also that pursuant to the bye-laws of most credit unions, shares cannot be encashed under six months. These shares are the capital base of the credit unions. In view of these restrictions, on the purchase of capital in the credit unions, and in view of this unlevelled playing field, there simply must be incentives.

I also wish to draw the attention of this House to section 67 of the Co-operative Society Act, when dealing with the aspect of disputes. Disputes have to go before the Commissioner of Co-operatives and that itself takes a longer period of time than if one is actually going through the court. As a result, there is a need for proper incentives to encourage persons to purchase shares with the credit union. These incentives directly benefit 40 per cent of the credit union membership that lie in the annual income bracket of \$30,000 to \$60,000 and even to those belonging to the higher income brackets.

If we appreciate credit unions as producers of financial services to those who are outside the formal sector, then we must encourage investment in these organizations rather than discourage it. If the high income earners are not motivated to place their moneys in credit unions and instead place them elsewhere, what guarantee do we have that these other institutions would lend those moneys to the ones in need—the small man? Between 1992 and 1994,

credit unions granted \$36 million in loans to small businesses, \$131.7 million for loans towards education and \$320 million for housing. This is the mechanism through which the noble aspirations of the small man are realized and financed.

At this time I would like to take the opportunity to congratulate the Member for Nariva on his forceful and dynamic budget presentation. I wish to stress however, that as a Minister with all the resources available to him at the ministry, he should get the facts accurate and should refrain from misleading this honourable House and the national community as a whole. *[Desk thumping]* Again, Mr. Speaker, what may be sounding good, may not be good and sound. I hereby quote the hon. Member for Nariva:

“For the records, Sir, there are 164 active credit unions at present with 53 of these in serious financial trouble and they are currently being investigated by a task force committee appointed by the Commissioner of Co-operatives.”

Could the hon. Minister list the names of the 53 credit unions which are in serious financial difficulties? He cannot do so, Mr. Speaker. I wish to set the records straight and to indicate to this House that this is a clear misrepresentation of the facts. The facts which would have been revealed to the hon. Minister had he done his homework, are that there are 27 credit unions experiencing difficulties, with six of the 27 recommended for immediate liquidation. This report was furnished to the Commissioner of Co-operatives some time in 1993. Out of the 21 other credit unions that were experiencing difficulties, I have to report today, two were put back on track.

This misrepresentation has sent a negative signal throughout the credit union movement and to the national community as a whole. So 53 is totally different from 27 and the hon. Minister should apologize to the credit union movement for making such an irresponsible and wild statement. *[Desk thumping]*. Mr. Speaker, if that is what the boy is seeing around him, then he can do no better, because one of his leaders would simply jump up, out of bed, come in Parliament and tell the national community that the PNM has a plot to overthrow them. These types of wild and irresponsible statements must stop. They are in government now, they are no longer in Opposition and they must be responsible. *[Desk thumping]* That must stop!

The hon. Member for Nariva's statement, together with the notice of warning to the credit union movement, gives one the impression that there exists total

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chaos in the credit union movement. Is this the approach for a responsible government to adopt?

4.10 p.m.

Mr. Speaker, 3.7 per cent of the credit union movement has been earmarked for liquidation, and 139 out of the total of 164 credit unions have been functioning very well. Why must these pay for the six credit unions that have actually stopped functioning and are earmarked for liquidation? Is there more in the mortar than in the pestle, Mr. Speaker? I ask the question.

The hon. Member's presentation was made on January 15. Since December he spoke about the report being forwarded to them concerning the liquidation of the six credit unions. This task force re-submitted the same report that the stabilization board submitted to the Commissioner of Co-operatives in August, 1995. Why set up a task force that has duplicated the same work as the stabilization board? Why? This sends a negative signal in the movement. It is quite clear that the hon. Member does not have a clue about the industry.

Mr. Speaker, again, the hon. Member gave us the impression that these six credit unions would be liquidated within one week's time or sooner. To date, the commissioner has failed and/or refused to liquidate one credit union and the Minister came here and talked about it as though they are going to liquidate same—not one has been liquidated. And they ask the question: Why have they not been liquidated? They put an excuse and I will tell you why, Mr. Speaker. With leave of this honourable House, if I may quote the hon. Member again. He says:

"But what has the previous Government done about it? Absolutely nothing. Yes, Mr. Speaker, the present Act does not allow the Commissioner of Co-operatives to intervene in the affairs of the credit unions until it is too late."

Mr. Speaker, giving the House the impression that the reason these credit unions cannot be liquidated is because the Commissioner does not have the teeth.

Mr. Speaker, if I may further quote the hon. Member, he says:

"I do not know why the last Government refused to give teeth to the Commissioner, so that he can intervene before the credit unions collapse. I do not know why the last Government is so fearful of Commissioners. They have an obsession to emasculate the powers of Commissioners. "

Section 4 of the Co-operative Societies Act outlines quite clearly the powers of the Commissioner which include *inter alia*, if the Commissioner is of the view that the credit union board has mismanaged the affairs of the society, he may call upon the society to remedy the situation, or he may order the dissolution of the board and appoint persons to manage the affairs of the credit union. Instead of reading it again, I will now go to section 58 of the said Act under the heading of "Winding-up". It says:

"If the Commissioner, after an inquiry has been held under section 4, is of the opinion that the society ought to be wound up, he may make an order directing it to be wound up and may appoint a liquidator for the purpose and fix his remuneration which shall be paid out of the funds of the society."

Further, section 65(1) states:

"Where, in the course of the winding-up of a society, it appears that any person who has taken part in the organisation or management of such society or any past or present officer of such society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of a misfeasance or breach of trust in relation to such society the Commissioner may, on the application of the liquidator or of any creditor or contributory, inquire into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof..."

The Act also states that he could approach the court and have these properties sold. These are the teeth here. To say that the Commissioner—*[Interruption]*

Mr. Speaker: Hon. Gentlemen, once more we are degenerating to a level which is not desirable. Once more, please, do yourselves the favour.

Mr. R. Boynes: Hon. Gentlemen, if it pleases the House I wish to proceed. To say that the Commissioner does not have any teeth is a misrepresentation of the law, and if the hon. Member does not understand the law governing the movement, what about the movement; does he understand? The legislation governing the movement does need modification, but in the manner in which the Member suggested.

Between 1993 and 1995 the credit union league appointed a committee and hired a team of lawyers experienced in the business of the movement. He even hired several members on the other side. These lawyers were hired to develop guidelines for a new credit union Act. Two legislative workshops were held with

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the movement to peruse and fine-tune the proposed legislation which was completed in June, 1995. These guidelines called for, among other things, the establishment of credential criteria for credit unions; the need to provide a feasible business plan before a credit union is registered; stiffer penalties for those found guilty of mismanagement of credit union funds; and many other measures which will ensure the safety and soundness of members' funds.

If the hon. Member cannot find the time to sit with the Credit Union League, I am sure that a better legislation for the movement can be obtained. The hon. Member suggested that the previous Government did nothing to assist the movement. I wish to inform him that in 1992 the Government appointed a task force to investigate the structure of the movement and to put forward recommendations for strengthening the same.

In 1993, the Co-operative Credit Union League established a stabilization fund to:

- (1) guarantee shares and deposits in credit unions.
- (2) monitor the performance of credit unions.
- (3) provide technical assistance where necessary.

A stabilization board with teeth was set up to manage that fund for the Ministry of Finance. Between 1994 and 1995 the Credit Union League held several meetings and workshops with the representatives of the Ministry of Finance to discuss the movement in its entirety and to find common ground in the best interest of development of the movement. Recommendations appearing in the task force report of 1992 were agreed upon. For instance, because of the increase in the number of credit unions there was a need to have access to the courts instead of going through the Commissioner of Co-operative Credit Unions.

4.20 p.m.

Another major matter that was discussed with the then Government and the Credit Union League was the Inter-American Development Bank's credit union institutional strengthening project. This is a project which provides a grant, not a loan, of \$7.8 million over a period of three years. This money was provided for the following reasons:

1. To provide the Credit Union League with resources to effectively monitor the movement;

2. To provide the management of the credit union with training and consultancy support services so their system would be strengthened:
3. To provide the Ministry of Finance with a unit specializing in the supervision of credit unions.

It is instructive to note that the IADB, for a period of one and a half years, independently conducted a survey throughout the four corners of our blessed nation. They visited every credit union independently and when they looked at the whole infrastructure of all the credit unions in Trinidad and Tobago, including, but not exempting the Credit Union League which is the leader body of the said credit union movement, they decided to put their money where their beliefs were. In so doing, they decided to approve a grant of \$7.8 million towards the credit union movement in Trinidad and Tobago. They had the belief for the credit union movement in this country.

Mr. Imbert: When was that?

Mr. R. Boynes: That was the period 1994 and 1995, during the PNM's Government reign. This, simply, is the tip of the iceberg because there is a certain procedure. While they strengthen via a grant, the credit unions in this country, and throughout the Caribbean and Latin America, have a facility in place to lend moneys to these credit unions so they could therefore lend to small businessmen who could benefit from the IADB funding.

I will be specific. The IADB plans to lend US\$100 million to the Latin America and Caribbean credit unions as a follow-up to the strengthening process. It is imperative that this money goes towards the strengthening of the loan portfolio for micro enterprises. What this would do to small business in this country, is second to none.

May I indicate to this honourable House, that the previous Government approved in principle this entire IADB funding, and I ask the Government today to follow in the footsteps of the PNM administration as they always have been doing.

Mr. Panday: Straight over the precipice.

Mr. R. Boynes: It is important that one understands that this project was initiated and successfully negotiated by the Credit Union League of Trinidad and Tobago. A movement not unconcerned about righting its wrongs. Rather than sit with such a progressive leadership in the face of three written invitations to do

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so—the Government has had three written invitations to sit and meet with the movement—they have failed or refused to do so.

Instead of meeting with the Credit Union League, the Government talks publicly of cutting tax credits and sensationalizing the weakness of the movement. This is gross disrespect for a people, the institution for which they have slaved for over 50 years to build, an institution which has assisted many persons, like myself, in using the principles of self-reliance and thrift to transform their meagre savings into wealth. To date, Government has not only been disrespectful to the movement, but also irresponsible.

The cavalier—and I have heard this word bandied about the House today—statements being made have caused more than a stir within the movement. There are some who openly accuse the Government of trying to undermine confidence in the small man's credit union system in the interest of others. Government must act responsibly now. They are no longer in Opposition. The Government's business is serious business, and I am asking this honourable House, if this particular section of this Order is to have any force at all in this country, to stand up and apologize to the national community and the credit union movement, and indicate to them now that the way forward is not to threaten to cut the tax credit, but to get your hands dirty and get down and work with the union.

Thank you.

The Minister of Finance (Sen. The Hon. Brian Kuei Tung): Mr. Speaker, as I rise to wrap up this debate, it is obvious that there are a number of speakers who felt that their contribution was not valuable enough for the budget debate and attempted to bring another budget debate in the House. I say that because the last speaker, the Member for Toco/Manzanilla, talked about an Act which he obviously has not read. There is nothing here about the credit union, because the credit union adjustment will be done next year, but he keeps flapping the Order on the table; and I have a feeling that he has a bill that I have not yet written.

He spent the last half hour speaking about the virtues of the credit union which are well-known. He has been talking about a bill which he does not have before him and using a lot of emotive language with which I would deal eventually.

Mr. Speaker, when I look at the number of items—I have a copy of the Provisional Collection of Taxes Order, and I must say, I admire your generosity in allowing the latitude that was given to that side to talk about everything else

under the sun, but the document before us. I have before me, 14 clauses. If there were three of them touched in the debate, it has been a great deal. One of them was so expansive that he touched on everything else, including public holidays, but had nothing to say about the Order before us.

When the Member for Diego Martin East started, he set the tone for the kind of turn that this debate took. His contribution was spiced with words such as “cavalier”, “vaps” and then we heard about the “irresponsible behaviour” of this Government.

Before I deal with the two or three matters that were raised under the Provisional Collection of Taxes Order, Mr. Speaker, I would just like to remind this honourable House about “vaps,” and “cavalier fashion”. I am reminded of a friend who told me that he did not mind being fired by fax, but it was the cavalier fashion in which he was fired. I refer particularly to the Honorary Consul in Hong Kong, who was spending his own money to represent Trinidad and Tobago in Hong Kong. He was fired by fax. He was so happy to be fired that he saved more money in 1995 than he has ever saved before. And we talk about cavalier fashion. Even worse, the Minister of Foreign Affairs was fired by television. Is that not a vaps? Is that not being irresponsible? Is it not cavalier? Oh no! We hired a new one. We took the permanent secretary and promoted him to Minister of Foreign Affairs, as if that was not another vaps.

4.30 p.m.

That is not irresponsible, and that is not cavalier. In spite of the fact that I myself had told the Prime Minister about the questionable financial dealings of that particular Permanent Secretary who was asked to leave later. As we know, 10 days later, having served the whole 10 days in URP, they fired the Foreign Minister again. And that is not vaps, that is not irresponsible, that is not cavalier. What we do in two months in trying to present a most responsible budget is now being given the label of the behaviour that they have patented for themselves. *[Desk Thumping]*.

Mr. Speaker, to show it, the Member for Diego Martin East talks about loopholes in the law that allow shells to come into Trinidad and Tobago as parts. I do not want to believe that on November 6, the former Minister, the Member for Diego Martin East, suddenly found a loophole. I believe that he was aware of these loopholes but, obviously, they had no intention of fixing loopholes. On the

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contrary, they opened their own loophole with respect to returning residents, but I have already dealt with that differently.

Mr. Speaker, everyone in Trinidad and Tobago is aware that there are cars which have been knocking on the doors of the Transport Commissioner - he is the one who clued me in on it; he says that there are a number of second-hand cars that have passed a road worthiness test but cannot be registered because the proper duties have not been paid. So that the Minister of Finance merely seeks in this measure to ensure that registration can take place for cars that can be registered, that have been tested for road worthiness and some duties must be paid. It is in recognition of that, that I have taken the measure to ensure that these cars can come into the system. That was the purpose of the measure. It was promoted by the Transport Commissioner who, in his wisdom, has indicated a much lower level of registration fee but it was my feeling that because these things seem to have escaped the full duties, we should up it a bit.

The measure merely sought, after his recommendation, to up the size of the cars because the size as indicated in the budget was much too small for the kind of fees we were charging. We thought that there were two sizes of cars and that the 1600 cc was an appropriate cut off point, but we have since discovered that the 1800 cc car is a more reasonable cut off.

It is for that purpose we have amended the Provisional Collection of Taxes Order to allow the cars under 1800 cc to pay a \$20,000 special registration fee and cars over that \$30,000.

In addition, the law has been modified to ensure that those cars also attract motor vehicles tax.

There are any number of examples that anyone can bring to indicate that some people might be subjected to some small hardship as a result of the measures we have taken. The Ministry did a number of examples and was satisfied that on the whole the measures being taken would have reduced income tax payable by individuals.

The other measure that was mentioned by the Member for Diego Martin East was the question of cheese, salt and macaroni and the fact that it was merely to amend the Customs Act to accommodate what we did, but instead we wanted to do a much wider classification.

It is common knowledge that the customs classification is not only applicable to Trinidad and Tobago but is applied throughout the Caribbean. We cannot merely come with a vaps—according to the Member for Diego Martin East—and change the customs classification because we have a peculiar need for it. The customs classification will have to be changed by agreement with all members of Caricom because of the Common External Tariff.

Instead, we have had to change the wording in the budget to ensure that the customs classification is honoured, so that instead of it being cheddar cheese as suggested in the budget—bear in mind that my comment on cheddar cheese is merely to indicate that we are talking about basic foodstuffs—it is now changed to cheese and curd to satisfy the customs classification.

Similarly with macaroni. We intended to make macaroni, which is a basic food stuff, free of value added tax but it does not make sense leaving it to misinterpretation by shopkeepers. It is for that purpose that we have made it specifically in line and in co-ordination with the customs classification. We have changed it now to mean all pasta products.

Mr. Speaker, I want to move on to two other areas quickly.

Mr. Speaker: If the Minister would be much longer, we would take the break now.

Hon. B. Kuei Tung: Mr. Speaker, I want to wrap up in less than 10 minutes.

Mr. Speaker: Is it the wish of the House that we continue to sit?

Assent indicated.

Mr. Speaker: Please proceed.

Hon. B. Kuei Tung: Mr. Speaker, the question of the Unit Trust Corporation and the credit unions was raised. In 1988 or 1989 when the value added tax was introduced by the NAR government it was signaled clearly that there would be a combination of both value added tax, which is a consumer tax *per se* or indirect tax, side by side with income tax.

I think a study at the time indicated that the tax regime of Trinidad and Tobago was one of the highest, if not the highest, in the whole Caribbean. It was intended therefore from 1989 that income tax rates and corporation tax will be reduced; therefore, a programme of reduced income taxes was started in the late 1980s into the early 1990s. That programme was literally pursued by the previous

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administration and it was in the context of bringing down income tax rates that the question of allowances came up.

It is no use bringing down income tax rates if the allowances, concessions and tax credits that were granted remain high. It would do two things; erode the tax base and, furthermore, only the person at the higher end would be able to take advantage of these allowances.

In terms of the Unit Trust, in particular, it did not make sense having a low rate of income tax with high allowances being given. It would mean that the country would not be in a position to collect the revenues. It would mean that having given a threshold to people who pay no tax, the small man or the modest man - to quote the Member for St. Ann's East - would not be in a position to take advantage of either a Unit Trust Corporation allowance or a credit union credit. It does not make any sense, and it was in that sense that in 1996, we intended to remove the Unit Trust Corporation credit and to signal to the credit unions that in 1997 that credit would also be removed.

Mr. Speaker, the small man whom they talked about really is not paying any tax. And, if he pays no tax it makes no sense giving him an allowance which he cannot use. It just does not make any sense. Therefore, the people who would have been taking advantage of the Unit Trust Corporation and the credit unions are really people of more substantive means because they use these allowances to become more tax efficient and to make sure that their own disposable income is increased.

Mr. Speaker, the question of levelling the playing field has always been something that attracts much attention. Many people think that levelling the playing field means that we must make everybody look alike, speak alike or dress alike, but that is not so. You cannot make big companies become small or make small companies become big and say that is levelling the playing field.

Levelling the playing field merely means that everyone conduct business under the same rules which must be known, fair and equally treated to everyone. The Unit Trust Corporation having coming up over the years and having arrived at a point where it can be considered that it has reached a state of maturity, as it were, must be able to abide by the same rules that every other financial competitor does. Similarly, the credit unions.

When the Member for St. Ann's East talks about removing the restriction on the 10 per cent in any one investment, he really shows his ignorance of

investment affairs and I am wondering why people get involved in things which they know very little about.

You see, the 10 per cent restriction is a guideline that was intended to protect the integrity of the investments. If the Unit Trust Corporation should take all their eggs and put them into one basket and that basket falls, then the same small people whom we have been talking about would no longer be protected. The 10 per cent there is a normal guideline which has been applied to all investment portfolio managers but in the case of the Unit Trust Corporation it was put into law to ensure that they do not exceed that guideline.

4.40 p.m.

The guideline is not a restriction. Instead, it is meant to be a technique to ensure that the Unit Trust Corporation did not invest a substantial amount of their funds into a bad, spurious investment. Any investment manager will tell you, Mr. Speaker, that even 10 per cent is too high; and I can tell you that, Mr. Speaker, because of my own experience as an investment manager in my days of managing an insurance company.

So to suggest that the restriction is a restriction is really saying, let us remove something that protects the small man. If you remove a restriction that protects the small man, are you really helping the Unit Trust Corporation? I doubt it, Mr. Speaker.

In essence, Mr. Speaker, many of these arguments that have been raised really cannot hold water.

Mr. Imbert: That's your view.

Hon. B. Kuei Tung: I want to suggest, Mr. Speaker, that these measures were intended--and I am sure it was the intent of the people on the other side that I should go back and tax the small man, so I can give him more allowances. That does not make sense. The taxes are coming down. It is not inconceivable that the threshold that has been raised to \$20,000 will increase further next year, Mr. Speaker, if revenues allow it; and therefore it did not make sense keeping these allowances in place when the small man is being afforded an opportunity to have more disposable income and to save whatever he wants for himself.

Mr. Imbert: That's not so.

Hon. B. Kuei Tung: Therefore, Mr. Speaker, I have great pleasure in recommending these provisions to this honourable House.

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Mr. Speaker, I beg to move.

Question put and agreed to.

Resolved that:

RESOLVED

That the Provisional Collection of Taxes Order, 1996, as amended, be confirmed.

ADJOURNMENT

The Attorney General and Minister of Legal Affairs (Hon. Kamla Persad-Bissessar): Mr. Speaker, I beg to move that this honourable House do now adjourn to Friday, February 02, 1996 at 1.30 p.m.

Mr. Speaker, if I may, on that occasion the Government will deal with Motions Nos. 2 and 3 on the Order Paper, and if time permits, with the Bill listed on the Order Paper at page 6.

Thank you, Mr. Speaker.

Mr. Speaker: Hon. Members, the sitting of the House is suspended for half an hour.

4.42 p.m.: *Sitting suspended.*

5.15 p.m.: *Sitting resumed.*

Maraval Maxi-taxis (Relocation of)

Mr. Colm Imbert (Diego Martin East): Mr. Speaker, I rise to raise the issue of the severe inconvenience to commuters and residents of the Maraval area—which happens to make up a significant proportion of the constituency of Diego Martin East—caused by the recent relocation of the Maraval maxi taxi stand from its original location on Duke Street to its new location on Oxford Street, next to the General Hospital. I am ascribing no blame to the present incumbent Minister of Works and Transport, since it is my understanding that he was simply given the order which prescribes the location of the stands, and told to sign it. I think the Minister, in all good intentions, assumed that the new arrangements had been properly discussed—

Mr. Speaker: I am sorry about this, honourable gentlemen. Before calling on the Member for Diego Martin East, I should have indicated to Members what is

going on. In fact, there were two letters which had been received from the Member of Parliament for Diego Martin East in which he sought leave to raise on the “Motion on the Adjournment” at this sitting two questions: One, the severe inconvenience to Maraval commuters caused by the recent relocation of the Maraval maxi taxi stand to Oxford Street in Port of Spain and the urgent need to provide a more appropriate location for the stand. He indicated that this would be pursued in accordance with Standing Orders 11(2) and 11(3).

He also wished to raise the totally unsatisfactory water supply situation in the constituency of Diego Martin East, particularly in the areas of Maraval, Paramin, Morne Coco Road, St. Lucien Road, Long Circular Road, La Seiva, Upper Bournes Road, Dundonald Hill, Belle Vue, Debe, River Estate, Providence Estate, Blue Range, Blue Basin, Haleland Park, Moka, Fairways, La Platte Village, *inter alia*.

This leave has been granted and this is what he is doing.

Mr. C. Imbert: Thank you, Mr. Speaker. As I was saying, I ascribe no blame to the Minister for simply signing the order without being aware of all of the provisions in the order, but I would hope on the next occasion that the Minister will—as I understand all previous ministers, including yourself, have done—call in the public servants and ask them to explain in detail the implications of each of the measures.

You see, legislation establishing an experimental scheme for the relocation of a maxi taxi stand or changing the pattern of traffic flow; putting in a “no entry” on a certain street, or whatever, is not a simple matter. There are far-reaching implications. It is not simply a matter of moving a maxi taxi stand from Duke Street to Oxford Street. There are far greater implications. I expect the Minister, on the next occasion, to ask the public servants to give him comprehensive details of the implications of the measures.

My understanding is that the relocation of the Maraval maxi taxi stand came about because of the need to look at the general flow of traffic in Port of Spain and the general activities of maxi-taxis in Port of Spain. In fact, the general move was initiated by myself. The actual relocation of the Maraval maxi-taxi stand was not initiated by myself, but what happened was that we were looking at the relocation of maxi taxis in the downtown Independence Square area, with the creation of City Gate, the multi-module transit hub, and we sought to remove the red band and the green band from the Independence Square area and its environs,

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into City Gate, and the authorities—and here I am also not ascribing any blame to the police or to the Traffic Management Branch—sought in that general rubric, to also move the Maraval maxi taxis from Duke Street to Oxford Street. I can assure you that if that order had been brought for my signature, as the Member of Parliament for Diego Martin East where Maraval is situated, I would, most certainly, have raised it as an issue of serious concern with the traffic management officers and most certainly would have asked them to consider another location.

So I am not ascribing any blame here and I hope the Minister, in his response, will not fall prey to some of the imaginative journalism I saw in a weekly newspaper over the weekend, prompted, no doubt, by the Member for Couva South, where some jokes were made about a very serious matter. I am not here to score political points. I simply wish the Minister to be aware of the fact that the relocation of this Maraval maxi taxi stand is causing severe inconvenience to commuters in Maraval. As a result of the action, there has been little, if any, legitimate public transportation to and from Maraval over the last two weeks. The legitimate maxi taxi drivers have withheld their labour because passengers are not willing to walk all the way up to Oxford Street. What is happening is that PH drivers and other illegitimate taxi drivers have taken advantage of the opportunity to operate from the downtown area providing a service for Maraval.

So the actual intention of the measure, which is commendable, to reduce the congestion on Duke Street—and I have no quarrel with that—is being defeated by the activities of a number of illegitimate providers of public transportation. I certainly hope, as I said, the Minister will not fall prey to the imaginative journalism that we saw recently. I have been in discussions with him and my understanding of those discussions I have had with the Minister is that he intends to be very reasonable about this matter and I hope that, working together with the Minister and the police—I had a discussion with the Commissioner of Police just an hour and a half ago and he has advised that the Assistant Commissioner of Police and himself are looking into the matter and seeking an alternative location for the maxi taxi stand which will be closer to the downtown area, to the whole ebb and flow of traffic in the city, and thereby solve all of the problems for the benefit of all. It is hoped to remove congestion; allow commuters easy access to

maxi taxis and deal with the general move of the Ministry to relocate these activities out of the centre of the city. I await the answer of the Minister.

Thank you, Mr. Speaker.

The Minister of Works and Transport (Sen. The Hon. Sadiq Baksh): Mr. Speaker, since assuming duties as Minister of Works and Transport, this is the first privilege afforded me to address this honourable House. I therefore take this opportunity to congratulate you on your election to this august office as Speaker of the House of Representatives. I also take this opportunity to wish you and your family a very prosperous 1996.

With respect to the matter raised by the Member for Diego Martin East, I wish to advise this honourable House that the relocation of the Maraval maxi taxi stand from Duke Street to Oxford Street forms part of the 1996 Port of Spain Experimental Order which was signed by the Minister of Works and Transport on Friday, January 12, 1996 for implementation for a period of three months, commencing Monday, January 15, 1996.

5.25 p.m.

This Order addresses the relocation of a number of taxi stands within Port of Spain. It is not that one particular taxi or maxi-taxi stand was singled out. Members should note that this relocation exercise forms part of a comprehensive plan for the rationalization of taxi stands in Port of Spain generally. It should be noted that this plan was scheduled to come into effect with the opening of City Gate in the latter part of 1995.

At that time the relevant organizations involved—conventional taxis and the maxi-taxis—were invited to make recommendations with respect to the relocation of their particular taxi stand. Some consultation did take place between the associations for the maxi-taxis and conventional taxis, the traffic branch and the Transport Division and Traffic Management Branch of the Ministry of Works and Transport. After consultation with these agencies, the experimental order was designed and plans were set afoot to implement the scheme in the last quarter of 1995. However, administrative delays, among other things, resulted in the plan only coming into effect expeditiously in January, 1996.

I would like to inform Members that I have been advised that a number of issues have really impeded the success of the relocation of the maxi-taxi drivers from Duke Street to Oxford Street, and I assure this honourable House that these

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issues would be addressed during the experimental period for which it was intended. The experimental period of three months was intended, on this occasion, to investigate whatever opportunities presented themselves.

Mr. Speaker, I find it really strange that this matter should arise at this particular occasion because I held discussions with the officers within the Ministry who have kept me abreast of what has been taking place. When I signed that Order it was based on information I gathered, not only from the maxi-taxi association but also the officers within the Ministry. I went so far as to contact the police responsible for the relocation of the maxi-taxi stand from Duke Street to Oxford Street. I have a letter from the Assistant Commissioner, Mobile, indicating that the Ministry of Works and Transport took this decision during the tenure of office of the former Minister of Works and Transport.

Mr. Speaker, I want to take this opportunity to assure this honourable House that all matters relating to maxi-taxis, not only in their movement from Duke Street to Oxford Street, but all areas of Trinidad and Tobago, would be looked at expeditiously in an effort to ensure that they are relocated in a proper manner.

Thank you, Mr. Speaker.

Inadequate Water Supply (Diego Martin East)

Mr. Colm Imbert (*Diego Martin East*): Mr. Speaker, I rise to raise an issue that has been of concern to me for not just the last two months, but for the last four years. *[Interruption]* This is not something to joke about. I am certain that the Minister of Public Utilities would not fall prey to the imagination of some of his colleagues. This is a very serious matter.

Mr. Speaker, I have resided in the constituency of Diego Martin East for the last 15 years with a number of different administrations being in government, and during that period the constituency of Diego Martin East has suffered considerably in terms of water supply. Let us not beat around the bush. *[Interruption]*

The fact of the matter is that the Members on the other side would realize very shortly that they are in Government now and the excuse that the PNM was there for 30 years and did nothing is going to wear off very soon. Soon the population would demand action from this Government.

As the Member of Parliament for Diego Martin East, I would really hope that the Minister would not treat me with the discourse about 30 years of PNM, and would tell me, and the constituents of Diego Martin East, what he intends to do about this totally unacceptable water supply situation. *[Interruption]* If you would permit me to use that sort of language—the Minister is not bleating he is taking notes. He is an intelligent fellow, but some bleating is coming from that side.

Mr. Speaker, the records in the Ministry of Public Utilities are clear. As I indicated to the Minister, there are a number of letters from the Member of Parliament for Diego Martin East complaining about the unacceptable water supply situation in that constituency. Even the present MP for Naparima has a letter on file which I wrote to him. I wish to indicate that as the MP for Diego Martin East I am not going to accept the excuse that the PNM was there for 30 years. I am demanding action.

Let me tell you why, Mr. Speaker. The water supply for Diego Martin East comes from essentially three sources. There was an old detention pond or reservoir in Maraval that has been there for the last 40 years which was not designed to service the present Maraval population. As a matter of fact, the records indicate to me that the Maraval population has increased from 2,000 or 3,000 persons, in the 1950s and 1960s, to its present population of, perhaps, 15,000 persons.

The reservoir at present can provide, perhaps—I do not know what numbers the Minister would have, but it is going to be close to what I am about to say—50 per cent of the water requirements for Maraval, perhaps less. I have heard all sorts of claims that the reservoir can only provide 20 per cent of the water needs of Maraval. As a result, most of Maraval is on a schedule, as the Minister would have discovered.

However, unfortunately, Diego Martin East is a hilly constituency, unlike some of the flatter areas of the country as the one that the Member for Oropouche is bleating about. When there is an increase in elevation and one has to pump water up a hill, booster stations, pumps have to be used. It is not just a simple matter of putting water into a transmission, or a main distribution pipeline, in order for it to reach those areas. In a hillside area one has to have a series of pumps pumping water up to the elevated areas.

The pumps in the Diego Martin East constituency are of very old vintage—some of them are 20 to 30 years old—and many of them are no longer

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manufactured. I have found over the last four years, when we had difficulty with the water supply situation, that when a pump breaks down, one could not simply purchase a part. One had to have the part manufactured in WASA's machine shop which caused a serious delay causing the La Seiva area to be out of water for two to three weeks at a time. Even when everything was functioning, because of the old pipelines and the leaks, many areas in the La Seiva area, in particular are without water on a regular basis. The same holds for most of the Maraval areas.

5.35 p.m.

The Paramin area is served by a well-field at the bottom of the main road to Paramin. The wells have become encrusted with calcium deposits over the years. The PNM administration had started a well rehabilitation programme and had actually begun to clean out some of the Paramin wells thus laying the foundation for an improvement in the supply. That work is not yet completed.

The fact is that the Paramin well-field can provide perhaps 10-15 per cent of the water needs of the Paramin area. Maraval has a reservoir which provides less than 50 per cent of its needs and Paramin also has a well-field which provides perhaps 15-20 per cent of its needs. We are talking about equipment and facilities that are 30 years old.

The Water and Sewerage Authority and the Ministry of Public Utilities had sought to solve this problem partially by the installation of a 12" supply pipeline feeding off the Caroni/Arena system coming through Port of Spain into Maraval. The lines were drawn on the road in October 1995 indicating the location of the 12" supply pipeline. If this pipeline is installed by the new administration—I will be very happy if the Minister will tell me that he is putting on the pipe—it will provide an alternative source of water for the Diego Martin East constituency off the Caroni/Arena system, so that water will be imported into Maraval to supplement the local supply. This will certainly go a long way to solve the problem. The former administration of which I am still and will always be a proud member had initiated the pipe laying programme. I hope that the Minister, the Member for Caroni East will continue that programme.

The other end of the constituency is the Diego Martin area. I understand the Minister went on a lime at Blue Range and drove along St. Lucien Road which is only two miles long. *[Interruption]* Why do they bleat so much? The Minister told me that he went on a lime. I was not spying on anybody. Some of us can talk

to some of the Ministers on the other side. I have no problem with speaking to the Member for Caroni East. He appears to be reasonable, but that is about it.

On this two mile stretch of road an old asbestos cement pipeline perhaps 30 years old has over 100 leaks. I have sympathy for the Water and Sewerage Authority because when they try to correct one leak, another one springs up about 10' away. What is needed there is replacement of that pipeline. In addition, the well-field at the end of St. Lucien Road which serves the River Estate/Blue Basin area, the other end of my constituency, is also in need of rehabilitation. The lines in the River Estate area are in need of rehabilitation.

I am saying that the solution to the problems of water supply in Diego Martin East is well known. I must congratulate the Water and Sewerage Authority, the Ministry of Public Utilities and all former ministers in that ministry for making an effort to deal with the water supply situation and laying the groundwork for the present Minister to solve the problem. The information is there; the plans have been formulated and all that is required is to follow through on these plans. I hope when the Minister gets up he will not tell me about water in Barrackpore and Penal. I hope he will address his concerns to water in Diego Martin East and say what he intends to do to improve the water supply situation. If he does follow through with the plans laid by the previous Ministers of Public Utilities and improves the water supply in Diego Martin East, then I think the Minister will have achieved something worthwhile.

Thank you.

The Minister of Public Utilities (Hon. Ganga Singh): Mr. Speaker, having heard the hon. Member for Diego Martin East I wondered where was he for the last four years when he visited the region with three ministers, the late Morris Marshall, my illustrious colleague Ralph Maraj and the advisor on water during the term of the then hon. Minister Barry Barnes. Having heard him one would think that he is suffering from an acute case of amnesia because the fall from office perhaps affected him in this manner.

I wrote to the hon. Member on December 15 from the Ministry inquiring as I did from all Members of Parliament what were the critical areas affected by the lack of water and electricity. One would have thought that having regard to the recency of our ascendancy to office he would have had the common courtesy to indicate the areas and the history. But then again, amnesia is something that is recurrent.

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Throughout Trinidad and Tobago WASA has identified the critical areas including the Diego Martin East constituency, suffering from unsatisfactory water supply. In all these areas the problems are of a structural and technical nature and they have existed for the past 10-20 years as outlined by the hon. Member for Diego Martin East. These problems are a defective pipeline network, that is undersized and/or encrusted pipes; defective and undersized pumping equipment at the booster station and water pumping facilities and leaks in the transmission and distribution system. Only yesterday evening on the St. Lucien Road at the invitation of the election officer of the PNM Mr. Ferdie Ferreira, when he wanted some legal advice as to how to remove the Leader of the Opposition [*Laughter*] I found out the above problems have been compounded by the low levels of rainfall during the 1995 rainy season of which all hon. Members are aware.

I now move on to the problems in the Diego Martin constituency. Area I includes Maraval, Paramin, La Seiva, Haleland Park, Moka, Fairways and La Platte. The Maraval system essentially serves all communities in the Maraval Valley and has three main sources of supply producing these amounts, Maraval waterworks 4,500 cubic metres per day; Moka wells 1,800 cubic metres per day and the Paramin waterworks 450 cubic metres per day. The main problem in this area is the undersized transmission pipeline which serves as a transmission as well as a distribution pipeline. This 6" inch cast iron pipeline along the Saddle Road is too small to effectively serve the communities of Fairways, La Seiva and other areas south of the Maraval waterworks.

I understand in Paramin there is a road that is paved primarily with cement. The Paramin waterworks which essentially consists of two wells cannot meet the water supply demand of the Paramin and La Platte areas which it serves. The production of Paramin is supplemented by water from the Maraval waterworks on a scheduled basis.

5.45 p.m.

The Moka wells, which consist of three wells, supply the low-level areas of Haleland Park and environs. On a scheduled basis, additional water is supplied from the Maraval Waterworks to ensure that customers at the higher elevations receive a supply.

The Authority proposed a number of measures to improve the Maraval water supply system during the latter half of 1995, as indicated by the hon. Member for Diego Martin East. Four wells in both the Paramin and Moka Well-fields were

rehabilitated as part of the Authority's well rehabilitation programme. In addition, a new well was commissioned in August, 1995 in the Moka Well-field, making available an additional 200 cubic metres per day. The new well and the rehabilitation work account for a 75 per cent increase in Well-field production in this system.

The installation of 2.7 metres of 12-inch ductile iron transmission pipeline from Maraval Waterworks along Saddle Road to the Long Circular Road intersection is scheduled to begin in the second quarter of 1996. This project is estimated to cost \$2.1 million and forms part of the Water and Sewerage Authority's short-term stabilization plan. WASA, in collaboration with the Ministry of Works and Transport will ensure that the roads are restored very quickly—part of our new customer-friendly approach. The refurbishing and upgrading of the Maraval Waterworks, estimated to cost \$.9 million also forms part of the short-term stabilization plan and is scheduled for implementation in the fourth quarter of 1996.

Area II, the River Estate system, includes River Estate, Blue Range, Blue Basin and St. Lucien Road. The River Estate Well-field is the main source of water for this area. It consists of six wells producing 6,300 cubic metres per day. During the latter half of 1995 those wells were rehabilitated as part of the Authority's well rehabilitation programme. This has resulted in a 30 per cent increase in production and improvement in the reliability of water supply schedules to communities located at the extremities of the water supply system.

Area III: Morne Coco Road. The major problem along the Morne Coco Road is the frequency of leaks in the 10-inch asbestos cement transmission main resulting in interruption in service to consumers. The existing 10-inch asbestos cement pipeline is to be replaced by two kilometres of 12-inch ductile iron pipeline. This project is scheduled to commence in the second quarter of 1996 at an estimated cost of \$.9 million.

Area IV: St. James—high levels. This area includes Upper Bournes Road, Dundonald Hill, Belle Vue, Debe and Providence Estate. Several projects have been identified to improve the level of service in this area. As part of the short-term stabilization plan, the Water and Sewerage Authority has substantially completed its installation of one kilometre of 12-inch ductile pipeline around Bournes Road at a cost of \$.5 million.

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This project is expected to be commissioned in February 1996 and will significantly improve the water supply in these areas. Furthermore, the upgrading of the Rosslands Booster has been included in a short-term stabilization plan. This project is scheduled for commencement in the third quarter of 1996 and is estimated to cost \$.25 million.

The Debe system is a high level system which has its source at rural intake. In the dry season the production of this source reduces significantly and as a result stringent water supply schedules are introduced.

Mr. Speaker, as an immediate relief measure for the whole constituency of Diego Martin East, the Authority will introduce, early in February 1996, a nationwide trucking programme, in collaboration with the Ministries of Local Government and Works and Transport, in an effort to upgrade the level of service to consumers throughout Trinidad and Tobago. The constituency of Diego Martin East is scheduled to receive from this programme 280 trips of water per week for the next four months of 1996 at a cost of \$38,000 per week.

The following is a summary of the projects to be undertaken during 1996 in the Diego Martin East constituency, under the short-term stabilization plan.

Bournes Road Pipeline	\$0.5 million
Maraval Pipeline	2.1
Morne Coco Road Pipeline	.9
Maraval Waterworks Upgrade	.9
Rossland Booster Upgrade	.25
Total Cost	\$4.65

Mr. Speaker, on the completion of the above-mentioned projects, there will be a significant improvement in the water supply situation in the constituency of Diego Martin East. You will recognize, Mr. Speaker, that the malady that exists in the water situation is too complex to be cured by the simple device of merely getting up in Parliament and expecting that the problem be solved.

My Government is committed to improving the delivery of water in the country. It is evident that during the term of his Government the hon. Member for Diego Martin East—I do not know whether he was in the outer Cabinet at the time—did very little to alleviate the water problems of the constituents of Diego

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Martin East. I am certain that during the term of this Government and this Minister, the people of Diego Martin East will get an improved supply of water.

I thank you.

Question put and agreed to.

House adjourned accordingly.

Adjourned at 5.52 p.m.