

*Leave of Absence**Friday, December 13, 2002***HOUSE OF REPRESENTATIVES***Friday, December 13, 2002*

The House met at 1.30 p.m.

**PRAYERS**[MR. SPEAKER *in the Chair*]**LEAVE OF ABSENCE**

**Mr. Speaker:** Hon. Members, I have received correspondence requesting leave of absence from the sitting of the House from the Member for Port of Spain North/St. Ann's West (Hon. John Rahael) during the period December 07–14, 2002; the Member for Couva North (Mr. Basdeo Panday) for today's sitting; the Member for Oropouche (Dr. Roodal Moonilal) for today's sitting; the Member for St. Augustine (Mr. Winston Dookeran) during the period December 01–20, 2002; the Member for Arima (Hon. Penelope Beckles) for the period December 13 to January 03, 2003. I have also been informed by the Opposition Chief Whip that the Member for Tabaquite (Dr. Adesh Nanan) is ill and would not be attending today's sitting.

**CONDOLENCES****(MRS. EUGENIA THEODOSIA PIERRE)**

**Mr. Speaker:** Hon. Members, I wish to bring to your attention the passing of Jean Pierre. I call upon Hon. Dr. Keith Rowley, Member for Diego Martin West.

**The Minister of Planning and Development (Hon. Dr. Keith Rowley):** Mr. Speaker and fellow Members, I rise to put into the record the sentiments of this honourable House, on the premature passing of our friend and colleague Eugenia Theodosia Pierre, popularly known as the "Netball Queen" of Trinidad and Tobago.

As small as is our country, we have attracted international acclaim as a result of the exploits of many of our sports personalities. Jean Pierre stands out among that group of our citizens. Expressions of sympathy have poured in from all over the world on the passing of this heroine of our society. Many turned out at her funeral not to witness a spectacle, but rather to mourn with those of us who knew her directly.

Jean brought distinction to our society mainly from her exploits on the netball courts here in Trinidad and Tobago and I daresay around the world. Part of the sporting world got to know us because of Jean Pierre. For her remarkable prowess she was acknowledged by being bestowed with the highest honours, the Trinity Cross, the Humming Bird and the Chaconia medals. We have also named one of

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our premier sporting facilities after her. One of our top ranking calypsonians, Lord Kitchener, immortalized her and her exploits and our national achievements in the field of netball for her performance in the 1979 World Championships.

Some of us in this Chamber remember her gracing these Benches for approximately four years during the period 1991–1995, when she served as a Member of the then government of Trinidad and Tobago. All of us who worked with her would remember the way she carried herself; the way she spoke and, most importantly, the humility that marked her and the way she related to us.

She was a fierce competitor on the sporting field. There was something special about Jean Pierre. She wanted to make Trinidad and Tobago great. She did not leave it there and she did not look to others to make it great. She decided that she would do what she could do best and that was to use her talent to make Trinidad and Tobago great. Those of us who followed the Netball Championships of 1979 saw a fellow citizen taking on her shoulders, with the support of her teammates, that responsibility to ensure that when the lights came on, Trinidad and Tobago would be among the champions.

We would love to emulate much of her character and that particular point about her wanting to do it herself; that part of her character which kept her as a most humble person while carrying on her chest, the most distinguished medal the people of Trinidad and Tobago can bestow on any of its citizens. She was a perfectionist. Her commitment was to ensure that she was the best that she could ever be while serving all those who came in her path. Those persons who rear girl children in this country can do a lot worse than to exhort the children to be like Jean Pierre. Those who rear boys can also raise no higher standard of accomplishment for our young people. She was a standard bearer to our young people. Even though she made her mark in the field of netball which is not viewed as our major sport, it was good to observe that persons from every sporting fraternity in Trinidad and Tobago acknowledged her as an outstanding personality in the field of sport. She was an exemplar to our young people; the adults of Trinidad and Tobago and the parliamentarians in particular.

Our country is poorer for her passing. It is said that the good die young. In this instance we believe that it is true. This country is sadder for the passing of Eugenia Theodosia Pierre. We would miss her, but we would strive to live up to the high standards that she set for all of us. May her soul rest in peace.

Thank you.

**Mr. Chandresh Sharma** (*Fyzabad*): Mr. Speaker, one could not help but love Jean Pierre. She was very simple and sincere and she demonstrated a good heart in wanting to care for people.

One incident that comes to my mind is during the period 1991–1995, when she was a member of this House. On a particular day as fate would have it, two Members of this House got ill at the same time. Jean and I spoke about it with other colleagues. What caused her to become concerned then was that the Member on the government's side who got sick was afforded all the State resources that obtained at that point in time, whereas the Member on the Opposition's side was not afforded any. Jean Pierre felt that was not the way it should go. It is very sad that today, we have come to pay tribute to her. In paying this tribute, it would require of us to search deep into our hearts and to make sure that the tribute does something. It should motivate us to reflect on ourselves as individuals and perhaps collectively to make sure that we do not repeat the errors that may have occurred during Jean Pierre's life.

I heard from the opposite side that she died young. The question that begs is: Why did she die so young? I thank the Government for affording Jean Pierre an official funeral. It is no secret that Jean Pierre was treated badly in the last few years of her life by those very persons sitting on the opposite side.

Jean chose as a departure, a prayer that was distributed in the church. The chief celebrant at the church service advised those of us who were there, that only when a seed of wheat falls to the ground and dies, then you can reap a rich harvest. That is very instructive. Jean's death must bring to us all a rich harvest of care and concern for each other.

I would read a few lines of this prayer that Jean seemed to have chosen for herself. Perhaps it is Karma that is revisiting us. It is a prayer to St. Jude.

“Most Holy St Jude, faithful servant and friend of Jesus,

The name of the traitor who delivered your beloved Master into the hands of his enemies has caused you to be forgotten by many,

But the church honours and invokes you universally as a patron of hopeless cases of things almost despaired of.

Pray for me. I am so helpless and alone.”

That is how Jean was in the last few years of her life. Today, this House pays tribute to her.

Thank you.

*The House of Representatives stood.*

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**PAPERS LAID**

1. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the San Juan/Laventille Regional Corporation for the year ended September 30, 1999. [*The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley)*]
2. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Penal/Debe Regional Corporation for the year ended December 31, 1995. (*Hon. K. Valley*)
3. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Penal/Debe Regional Corporation for the year ended December 31, 1996. (*Hon. K. Valley*)
4. Audited financial statements of Trinidad and Tobago Electricity Commission for the year ended December 2000. (*Hon. K. Valley*)

*Papers 1 to 4 to be referred to the Public Accounts Committee.*

5. Twenty-fourth Annual Report of the Ombudsman for the period January 01, 2001 to December 31, 2001. (*Hon. K. Valley*)
6. Annual audited financial statements of Trinidad and Tobago Free Zones Company Limited for the financial year ended December 31, 2001. (*Hon. K. Valley*)

*To be referred to the Public Accounts (Enterprises) Committee.*

**ORAL ANSWERS TO QUESTIONS**

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Mr. Speaker, I wish to inform this honourable House that the Government is able to answer the following questions: Nos. 2, 3, 5 and 6.

We are requesting a deferral of questions Nos. 1, 4, 7 and 10.

**Mr. Singh:** Mr. Speaker, I want to bring to the attention of this honourable House that on the last occasion question No. 1 was deferred to today's sitting. The hon. Member for Diego Martin Central had given an undertaking that it would be answered today.

**Hon. K. Valley:** The answer is not ready. I want to assure the hon. Member for Caroni East that it would be answered at the next sitting of the House.

**Mr. Singh:** Mr. Speaker, I want an undertaking that questions Nos. 1, 4, 7 and 10 would be answered at the next sitting.

**Hon. K. Valley:** Mr. Speaker, in view of the fact that we expect this to be the last sitting of the House before the Christmas break, I want to tell the Member for Caroni East that when we return in January, we would ensure we have those answers. I want to let the hon. Member know that there may be other questions on the Order Paper and I am giving no undertaking that those would be answered at the first sitting.

*The following questions stood on the Order Paper:*

**Best Village Division  
(Employment of Persons)**

1. (i) Could the hon. Minister of Community Development and Gender Affairs tell this House the number of persons employed in the Best Village Division over the last year?
- (ii) Could the Minister submit a list of these persons, their positions, their qualifications and the salaries paid to each?
- (iii) Could the Minister explain the procedure for recruitment to these positions? [*Mr. M. Ramsaran*]

**National Entrepreneurship Development Company  
(Loans Disbursement)**

4. (a) Would the Minister of Labour and Small and Micro Enterprise Development state how many loans were issued under the National Entrepreneurship Development Company (NEDCO) since the formation of NEDCO to October 31, 2002 and the amount of money disbursed in loans from the company?
- (b) Would the Minister give a breakdown of recipients according to geographical region and state the dates by which the loans are due?
- (c) Would the Minister indicate what criteria were used in granting these loans and what, if any, monitoring mechanisms are in place to ensure that loans are used for the purposes intended?
- (d) Would the Minister state what was the cost for the launch of NEDCO on the Brian Lara Promenade by the ministry, including entertainment and advertising? [*Mr. H. Partap*]

**Esmeralda Development Project**

7. (a) Would the Minister of Agriculture, Land and Marine Resources inform the House of Government's overall plans for the abandoned State lands of the Esmeralda Development Project?

- (b) Would the Minister indicate whether any consultations were held with the farmers who presently occupy these lands, on Government's plans for these State lands?
- (c) If the answer to (b) is in the affirmative, could the Minister state whether the farmers' suggestions were taken into consideration in the determination of selection criteria?
- (d) If the answer to (b) is negative, would the Minister identify the criteria to be used in the selection process? [*Dr. A. Nanan*]

*Questions, by leave, deferred.*

#### WRITTEN ANSWER TO QUESTION

*The following question stood on the Order Paper in the name of Dr. Hamza Rafeek (Caroni Central):*

#### **North West Regional Health Authority (Employment)**

10. (a) Would the Minister of Health inform this House of the number of persons employed by the North West Regional Health Authority for the year 2002?
- (b) Would the Minister submit a list of names, positions, qualifications and salaries paid to each employee?
- (c) Would the Minister inform this House of the procedure used for recruitment to these positions?

*Question, by leave, deferred.*

#### ORAL ANSWERS TO QUESTIONS

#### **Flood Compensation (Plum Mitan and Cascadoux/Kernahan)**

2. **Mr. Harry Partap** (*Nariva*) asked the Minister of Agriculture, Lands and Marine Resources:
- (a) Could the Minister state whether the Ministry has assessed the compensation claims for flood damage to crops of farmers in the Plum Mitan and Cascadoux/Kernahan areas, in the Nariva constituency, due to flooding which occurred in December, 2001 and March 2002?

- (b) Could the Minister list the names of those farmers in the Plum Mitan and Cascadoux/Kernahan areas who are entitled to such compensation, the amounts due, and indicate if any compensation has been paid to date?
- (c) If no compensation has been paid, could the Minister state when the farmers of Plum Mitan and Cascadoux/Kernahan would be compensated?

**The Minister of Health on behalf of the Minister of Agriculture, Lands and Marine Resources (Hon. Colm Imbert):** The Ministry of Agriculture, Lands and Marine Resources has assessed the damage to farmers' crops throughout Trinidad as a result of flooding in December 2001 and March and May 2002, in closeness of the Plum Mitan and Cascadoux/Kernahan areas in the Nariva constituency.

The names of farmers in the Plum Mitan and Cascadoux/Kernahan areas whose losses have been verified have been received in the Ministry of Agriculture, Lands and Marine Resources. No flood relief has as yet been paid to any farmer in Trinidad in respect of this period.

Upon the assumption of office of this Government in December 2001, we met outstanding claims by 690 farmers for flood relief in the sum of \$6,200,100.96 arising out of flood damage during November and December 2001.

For 2002, the Ministry of Agriculture, Lands and Marine Resources has quantified claims by 383 farmers for flood relief arising out of floods during March to July 2002, in the sum of \$2,842,376.22. The Ministry of Agriculture, Lands and Marine Resources is currently taking steps to identify funds to bring relief to all the farmers who suffered crop damage or losses during November to December, 2001 and March to July, 2002 and whose claims have been verified and assessed.

**Mr. Partap:** The hon. Minister did not answer section (b) of my question.

**Hon. C. Imbert:** Mr. Speaker, we are talking about over 1,000 names. I would have to consult with the ministry to determine how the information can be obtained.

**Mr. Speaker:** You can submit in writing the list of the names to the hon. Member.

**Hon. C. Imbert:** The question asks the list of names of farmers who are entitled to compensation. Since we are verifying the claims and requests at this time, it is impossible at this time to know exactly who would be entitled to compensation. We are talking about over 1,000 requests that are being processed at this time.

**Cunapo Southern Road  
(Rehabilitation and Paving)**

3. **Mr. Harry Partap** (*Nariva*) asked the Minister of Works and Transport to state when the rehabilitation and paving of the Cunapo Southern Road in the Nariva constituency that links Rio Claro with Sangre Grande would be re-started now that the heavy rains and flooding have further deteriorated this main thoroughfare?

**The Minister of Works and Transport (Hon. Franklin Khan):** Mr. Speaker, I bring to the attention of this honourable House that during fiscal 2001, the United National Congress administration spent approximately \$1 billion under the National Road Enhancement Programme. I would like to inform the Member for Nariva that if that money was properly spent and managed, there would have been no reason for this question today. The Cunapo Southern Road in the Nariva constituency should have been completely rehabilitated under the National Road Enhancement Programme initiated by the former UNC administration. Work on this road was suspended as a result of contractual irregularity.

I am advised that contrary to established procedures, the former Minister of Infrastructure, Development and Local Government instructed that work on the Cunapo Southern Road should commence prior to normal tendering process and without any lawful contract in place. The Ministry of Works and Transport is now saddled with the problem of certifying payment for the work done on this road and other similar situations, which have been created by the previous government's disregard for established procedures.

The outstanding payments for roadworks that were executed by the previous government without proper tenders or contract are now estimated within the Ministry of Works and Transport to be in excess of \$80 million. This is work that was done by a phone call, a whisper in a cocktail party, by issues that we were taking state funds in the tune of scores of millions of dollars. Today, the engineers have to make field visits to certify whether or not these works were done because we do not want to be unfair to the contractors who put out tremendous financial resources to complete some of this work.

The Member for Nariva is aware of the situation. The Ministry of Works and Transport would seek to put arrangements in place for the recommencement of the rehabilitation work of the Cunapo Southern Road. This would be done in the most transparent manner under our present roadpaving programme.

Thank you.



**Mr. Ganga Singh** (*Caroni East*): Mr. Speaker, I ask that questions Nos. 5 and 6 which appear under the name of the Member for Tabaguite be deferred until he comes in.

*The following questions stood on the Order Paper in the name of Dr. Adesh Nanan (Tabaguite):*

**Gran Couva Main Road  
(Paving of)**

5. Would the Minister of Works and Transport indicate:
- (a) When would the Gran Couva Main Road be paved?
  - (b) Whether work on this section of the road was budgeted for in the 2001/2002 fiscal year?
  - (c) If the answer to (b) is in the affirmative, would the Minister explain the delay?

**Guaracara/Tabaguite Road  
(Paving of)**

6. Would the Minister of Works and Transport indicate:
- (a) When would the portion of the Guaracara/Tabaguite Road that traverses Reform, Ben Lomond, Williamsville, Ecclesville and Hardbargain be paved?
  - (b) Whether work on this section of the road was budgeted for in the 2001/2002 fiscal year?
  - (c) If the answer to (b) is in the affirmative, would the Minister explain the delay?

*Questions, by leave, deferred.*

**DEFINITE URGENT MATTER  
(LEAVE)**

**Deaths at Public Health Facilities**

**Dr. Fuad Khan** (*San Juan/Barataria*): Mr. Speaker, in accordance with Standing Order 12, I seek your leave today, Friday, December 13, 2002, to move the Adjournment of the House for the purpose of discussing a definite matter of urgent public importance, namely, the recently published unnecessary deaths at the country's major public health facilities.

*Deaths at Public Health Facilities*  
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This matter is definite as it addresses specific instances of maternal and foetal deaths, paediatric deaths and deaths of individuals due to possible causes of negligence, all of which may be prevented.

The matter is urgent because these deaths can affect all our people. The matter is of public importance since 90 per cent of our population of Trinidad and Tobago seek medical attention in some form or the other at the public health institutions and they may end up dead as a result of bureaucratic incompetence and or negligence.

Thank you.

**Mr. Speaker:** Hon. Members, the leave which the Member for Barataria/San Juan seeks is declined. May I suggest to the hon. Member that he makes use of the provision of Standing Orders 11(2) and 17.

#### **FINANCE (MISCELLANEOUS PROVISIONS) BILL**

Bill to provide for the variation of certain taxes and to introduce other provisions of a fiscal nature and for related matters [*The Minister of Trade and Industry and Minister in the Ministry of Finance*]; read the first time.

*Motion made,* That the next stage of this Bill be taken later in the proceedings.  
[*Hon. K. Valley*]

*Question put and agreed to.*

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Mr. Speaker, I beg to move,

That a Bill to provide for the variation of certain taxes and to introduce other provisions of a fiscal nature and for related matters be now read a second time.

**Mr. Ganga Singh (Caroni East):** Mr. Speaker, on a point of order. I refer you to Standing Order 48(1), (2) and (3).

**Mr. Speaker:** Hon. Member, the particular reference here is 48(3) that says subject to paragraph (2) of this Order, no Bill shall be read the second time unless it has been printed and circulated to Members. I am assuming that the Bill was printed and circulated to Members.

**Mr. G. Singh:** The hon. Member for Diego Martin Central at the Adjournment of the House on the last occasion, gave an undertaking to this House that Members would receive the Finance Bill by December 09, 2002.

**Mr. Speaker:** You are quoting from the *Hansard* that the Member gave an undertaking to provide all Members with a Bill by a particular date. I understand

you to be saying that was not done. It was an undertaking and he is in breach of it. I do not think it prevents the hon. Minister from presenting the Bill in strict accordance with these Standing Orders. I call on the hon. Minister to proceed.

**Hon. K. Valley:** Mr. Speaker, I understood that the Bill was sent out on December 09, 2002. Standing Order 48(2) makes provision for motions. If the hon. Member would feel more comfortable if we pass the required motion under 48(2), we would do that. If the Chief Whip had consulted me, I would have been aware of the matter and dealt with it. He did not have to wait until midnight on December 09, 2002, he could have contacted me by noon on that day. I got no such call.

The Bill before this House provides clear and cogent evidence that this Government keeps its promises made to the people of Trinidad and Tobago. The Bill represents the first item of this new Government's legislative agenda. When we returned to this honourable House in January, Members saw clearly the unfolding of that agenda. The fundamental obligation of the administration is always to put the interest of the people first, whether it is our children's education; the welfare of our elders; greater job opportunities or the enhanced quality of life that we want for all our people. Together with our heightened emphasis and social responsibility towards our children and elders, there would be emphasis on private sector investment, growth and development.

There are measures in the budget presentation for 2003 aimed at achieving a better quality of life for all our citizens. Today, with this Bill, we aim to give legal effect to those provisions. I would go through the Bill clause by clause.

Clause 1 of the Bill cites the short title and it is self-explanatory. It tells us when this Bill would come into effect and, except for certain provisions, the majority of the measures would take effect as of January 01, 2003.

I will examine clauses 2 and 8 of the Bill together because they both seek to address the issue of teenage substance abuse. Clause 2 seeks to amend the Children's Act while clause 8 would amend the Liquor Licences Act. We need to protect our youths as much as possible from the effects of alcohol and tobacco abuse. Supply of alcohol and tobacco are too easily accessible to our young people, many of whom look much older than their actual years. The sale of tobacco products and intoxicating liquor to individuals who are under the age of 18 years would now be prohibited. All vendors of these products would be required to display at all times, in a prominent place, a sign which informs the vending public that such sales are stocked.

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This is a carry-over from 2001. *[Interruption]* Are you aware that the last government did not have time? It expired, as the Member for Couva South said, before it had a chance to pass the required Finance Bill. There are some measures from 2001 that are taken up here. I would identify them as I go along. *[Interruption]* I always give credit and blame wherever it is due.

Failure to comply with the requirement for the display of signs upon conviction would be met with a fine of \$1,000 as provided for in section 26(a)(2) of the Children's Act and section 64 of the Liquor Licences Act. In addition, a person who sells intoxicating liquor or tobacco products to minors would be faced with stiff penalties ranging from \$2,000 for the first offence, graduating to \$5,000 for a second offence and \$7,500 for a third or subsequent offence.

I would now deal with completely knocked down vehicles. This provision was contained in the budget of 2001 with a deadline date of April 2002. In the budget for 2003, we made provision for a liberalization of the roll-on-roll-off vehicles and the phasing out of them. The date given was December 31, 2002. Representation was made by some persons who stated that in 1998, the Tax Act increased the duties considerably. At that time there were vehicles bound for Trinidad caught midway and they were unable to sell any of those given an increase in the tax from about \$30,000 to \$90,000. They said that it was very unfair that the Government was thinking of doing away with that regime and not giving them a chance to dispose of those vehicles.

We have listened to the argument and we have agreed to roll back the tax. Motor vehicles with engine size not exceeding 1599 cc is \$20,000; between 1599 but not exceeding 1999 cc is \$30,000; exceeding 1999 but not exceeding 2499 is \$50,000; exceeding 2499 cc but not exceeding 2999 cc is \$70,000 and exceeding 2999 cc is \$90,000. We are rolling back that regime to the pre 1998 levels to allow those persons an opportunity to get rid of those vehicles. We are also extending the tax regime for the final time. We are giving them up to April 30, 2003. These persons involved in that trade would have had a one year grace period..

From April 2003, that regime would be completely out. In order to facilitate the easy disposal of these vehicles it is proposed to revert to the pre 1998 special registration fee of \$20,000 per vehicle with engines not exceeding 1799 cc and \$30,000 for vehicles with engines exceeding 1799 cc. The reduction in the special registration fees is reflected in the amendments to item 25 of the First Schedule to the Act. It would take effect upon the assent of the Act which is now before the House and continuing in effect until April 30, 2003.

As of the date of assent of the Finance (Miscellaneous Provisions) Bill, 2002, dealers would be required to pay the higher of the reduced special registration fees, or the motor vehicle tax payable on the vehicle depending on the size of the engine. There would be no further extensions of the grace period. From May 01, 2003, that registration would not be allowed. The amendment to section 17(a) of the Motor Vehicles and Road Traffic Act would achieve this.

With respect to roll-on-roll-off vehicles, the new motor vehicles tax regime has been simplified. With effect from January 01, 2003, there would be one rate applicable to what is technically referred to as completely built up foreign used motor vehicles, imported by persons other than returning nationals. The new rate would be 75 per cent of the normal motor vehicles tax rates. The vehicles which would be adversely affected by this measure would be those which are over three years old. The tax on these motor vehicles currently range from 50 per cent of the normal rates for a vehicle over three years but not more than four years; 25 per cent of the tax rate for a vehicle over four years old but not more than five years old and 15 per cent for specialized vehicles over five years and imported on the licence for use in the petroleum manufacturing and service industries. Vehicles which are over two years but not more than three years old currently pay 75 per cent of the normal tax. Vehicles which are less than one year, pay the normal rates and those over one, but not more than two years, currently pay 90 per cent of the normal rate.

A team of senior officials within the Ministry of Trade and Industry and the Ministry of Finance are currently examining the matter concerning the granting of an amnesty in respect of vehicles which are rotting away on the docks. The matter is not as simple as it sounds. Constitutional and other legal issues have to be examined carefully to determine the most efficient way of resolving the problem. New legislation may be brought to deal with this matter. This would be part of our legislative agenda and would come early in the new year. *[Interruption]* You all were not here. We can do nothing without you. We are glad that you are here now.

Clause 4 of the Bill amends various provisions of the Income Tax Act and covers the area of guest houses. A new clause 13(b) is to be inserted into the Income Tax Act by which approved capital expenditure would now be allowed as a deduction, ascertaining the chargeable income of an individual who converts his home into an approved guest house. The Government recognizes that when compared with our Caribbean neighbours Trinidad and Tobago has the potentially unique tourism product to offer in terms of its rich cultural diversity, ecotourism as well as special niches as sports, festivals, cruises and conference tourism.

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Arising out of the crisis that has confronted the tourism industry especially in Tobago, this administration proposes to pursue an aggressive marketing programme to create greater awareness of our twin island destination. To invigorate our domestic tourism industry further, it is proposed that certain incentives be granted to encourage the development of all family oriented tourism projects, through the conversion of existing homes into guest houses. The target group for this measure would be homeowners who decide to convert their homes into guest houses. In order to benefit from the tax incentive, the owner must satisfy the Board of Inland Revenue that an approval for the conversion was granted by the Minister of Culture and Tourism. The deduction for the approved expenditure cannot be made unless the homeowner is issued with a certificate of completion.

The approved capital expenditure can only be claimed in the year in which the completion certificate was issued. Where the amount of the approved capital expenditure cannot be wholly set off against the income arising from the operation of the guest house, in the year in which the completion certificate was issued, the amount of such expenditure which cannot be set off shall be carried forward into a succeeding year of income. Losses incurred in connection with any guest house cannot be set off against the income of profits arising from any other sources of income. If you have losses on the guest house it can be carried forward, but it cannot be written off against your employment income. You can only write it off against income earned from the guest house. Long ago, people used to buy agricultural land so that they could get a big reduction against their employment income. There are some people who are versed in tax planning or tax avoidance for that matter.

There is a special allowance for new homeowners. In the budget we spoke about providing a new deduction to encourage our young adults to become homeowners. A deduction to a maximum of one-sixth of purchase price would be spread over five years, a maximum of \$10,000.

A new clause 18(a) would be inserted in the Income Tax Act to effect this. This new provision would provide a special allowance of a maximum of \$10,000 which would be granted to resident individuals who purchase or construct their homes for the first time on or after January 01, 2003. This Government recognizes that adequate housing is a basic need for every citizen and is an essential feature in human development.

Home ownership provides a strong foundation for the economic and social advancement of people and a significant employment creation effect in the short-

term. The deduction would be granted for a period of five years from the year in which the house is purchased or constructed and would be available per householder. Where two or more individuals own the house, they would be allowed to split the deduction as they deem fit. As with the mortgage relief claim, the new homeowner would need to provide evidence of legal ownership of the residence and must satisfy the Board of Inland Revenue that land and building taxes or other house rates are paid.

I go next to the credit union deduction. The basic pillars of economic growth are investment and savings. Higher domestic savings provide capital for investment. In order to encourage a culture of frugality and an increase in domestic savings, it is proposed to grant to individuals a deduction of up to \$10,000 per annum, in respect of shares bought in a registered credit union. The deduction would only be allowed where the result of the shares purchased is a net increase during the year of income, if the total nominal value of shares held by an individual is in a registered credit union. To ensure that the deduction is granted for genuine claims, when an individual claims this deduction, he must furnish to the Board of Inland Revenue the certificates of every registered credit union in which he held shares during the year of income for which the claim is made. This proposal would be effected by the insertion of the new clause 18(b) of the Income Tax Act. This is reflected in clause 4(b) of the Bill. I am happy to report that the project for the institutional strengthening of the Credit Union Sector is close to completion. A draft Bill would be prepared shortly for circulation to stakeholders.

The proposed Credit Union Bill is intended to achieve two objectives. Firstly, to foster growth and competition thereby increasing the sector's effectiveness and the services that it provides. Secondly, to provide a framework for regulating and monitoring the sector thereby ensuring safety and soundness. This safety measure which is before the House is expected to mobilize savings in the Credit Union Sector, when the new credit union legislation comes into operation. It would improve the regulatory, monitoring and supervisory systems within the sector, in order to protect members' savings by reducing risks caused by unsafe and unsound practices.

Systems, procedures and controls would be developed to promote members' confidence and to increase savings by improving the quality and variety of savings products, services and related marketing programmes. The legislation would also provide for a system of deposit insurance for the Credit Union Sector.

I come to an item that ought to be very close to all Members of Parliament. All Members of Parliament other than the Prime Minister contribute to a pension

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plan, not Senators, except a senator who is a minister. When a parliamentarian gets his retirement allowance, it is taxable. For some unknown reason the money going in is taxable according to a recent ruling by the Board of Inland Revenue. As far as we are aware, it has always been the practice to allow a tax deduction for these plans. Given that ruling, we are taking the opportunity in this Finance (Miscellaneous Provisions) Bill to make assurance.

We are going back to the last six years from 1996, to ensure that our colleagues on the other side would not be burdened by having to pay back taxes. We are making it clear in this Bill that any other approved pension contributions made by Members of Parliament are tax deductible. It must be, if when one gets the money at the other end it is taxable. With effect from January 01, 1996, it is proposed that Members of Parliament be allowed deductions of the contributions made by legislation under the Retiring Allowance Legislative Service Act. This is in keeping with the general thrust of the existing legislation which allows deduction of contributions made under the Widows and Orphans Pensions Act, approved pension fund plans and deferred annuities, as well as the National Insurance contributions.

Legislators other than the Prime Minister are currently required to make contributions at the rate of 6 per cent of their basic salaries. These legislators would include Members of Parliament, or if not elected members, those who held certain specified offices such as ministers of government, the honourable Speaker, the President of the Senate and Parliamentary Secretaries. The contributions paid by legislators are paid into the Consolidated Fund and would be used to provide retiring allowances for the legislators and their widows and children. The relevant clause in the Bill which deals with the contributions of parliamentarians is clause 4(c) which amends section 27 of the Income Tax Act.

I come to refund of contributions under approved Pension Fund Plans and Deferred Annuities. The intent here is to provide funds deducted by employers by way of taxes, whether it is in a case where a refund or contribution is made to an employee or annuitant, or in a situation in which 25 per cent is deducted because of an amendment to an existing deferred annuity or pension plan. At present, the Act talks about “forthwith”, but that term seems to be used by some people very liberally. Forthwith becomes months, rather than immediately.

### **2.30 p.m.**

Filing of returns: Mr. Speaker, as part of the initiative towards increasing the administrative efficiency and simplification of the taxation system, it is proposed at clause 4(e) to amend section 76(6) of the Income Tax Act to empower the



Board of Inland Revenue to waive or reduce the penalty payable in circumstances where failure to file a return was not due to the fault of the taxpayer. Resident individuals who are employees are relieved from the obligation of filing annual returns of income. There still exists, however, section 77 of the Income Tax Act, which confers on the Board of Inland Revenue, the power to require such individuals to file returns. That is used where the board suspects an individual of tax evasion or, for public pension record purposes, the board may wish a person to file a return. To avoid any doubt as to whether the board retains the right to require a person to file a return, clause 4(f) of the Bill seeks to amend section 77(1) of the Income Tax Act, in legislative language, which effectively clothes the board with the power to require such filing.

With respect to the Corporation Tax Act, a corresponding amendment is made in section 19(a) to empower the board to waive or reduce the penalty for late filing by companies where it is just and equitable to do so. This amendment can be found at clause 5(a) of the Bill.

I move to issues regarding the Pay-As-You-Earn system. Under existing taxation laws, an employer is required to deduct PAYE from his employees' emoluments and remit the tax to the Board of Inland Revenue. Where the employer fails to deduct, up to 2001 when one had to file a tax return, that person would make the necessary adjustment when he files his return. However, since the employee is no longer required to file, the onus is now on the employer to deduct the correct taxes. Therefore, the penalty for failure of the employer to deduct the appropriate amount of PAYE or failing to pay the tax over to the Board of Inland Revenue was increased from 50 per cent to 100 per cent in 2001. The rate of interest on outstanding PAYE and penalty was also increased from 15 to 20 per cent. Although the Board of Inland Revenue currently has the power to waive or reduce the penalty, there is no corresponding power to waive or reduce the interest payable on outstanding PAYE. There is, therefore, an amendment in this Bill to section 94(4) of the Income Tax Act which seeks to give the board that power through the introduction of the words "unless the Board otherwise directs".

I move to interest on tax paid by installment. The improvement in the efficiency of the Act is continued at clause 4(h) of the Bill in relation to section 103 (1) and (2) of the Income Tax Act. Persons such as self-employed individuals are required to pay taxes on a quarterly basis. Failure to remit the required taxes promptly would result in the automatic imposition of taxes at the rate of 20 per cent. The Board, however, currently has no discretion to waive or reduce interest in deserving cases and the amendments at clause 4(h) of the Bill seek to give the Board such powers.

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In keeping with Government's policy of progressively reducing the rate of personal income and corporation taxes, clauses 4(i) and 5(e)(i) will amend the Income Tax and Corporation Tax Acts and reduce the taxes. I think this is the most significant piece of tax legislation for some time, not simply because it reduces taxes at this time, but because they point in a general direction. As has been said from time to time, the Government wants to move the tax rate down, over time, to a maximum of 20 per cent because it feels that that rate is competitive to attract inward investment as we face globalization and the Free Trade Area with its 800 million potential markets.

This is our first salvo and we have to take this in the context of the removal of export allowances to which I will turn in a while. It cannot be that we are reducing taxes and, at the same time, allowing a large segment of the business class to be outside of the tax net. The Government is signaling here, quite clearly, that we are moving in a particular direction.

As at January 01, 2003, the new rates will apply for individuals. It will be 25 cents for every dollar up to the first \$50,000 of chargeable income and 30 cents for every other dollar. For companies, the new rates as at January 01, 2003 will be 30 cents for every dollar of chargeable profits. *[Interruption]* We are keeping our powder dry because we know that in two years he is not going to be there.

Certain companies in the petrochemical sector will not benefit from the reduction in the rate of corporation tax. The following companies will not benefit from the reduction:

- Companies engaged in the liquefaction of natural gas;
- Companies engaged in the manufacture of petrochemicals;
- Companies engaged in the physical separation of liquids from a natural gas stream and natural gas processing from a natural gas stream;
- Companies engaged in the processing and distribution of natural gas;
- Companies engaged in the wholesale marketing and distribution of petroleum products;
- Companies engaged in any other activity prescribed by Order of the Minister of Finance.

Mr. Speaker, for the avoidance of doubt, certain companies such as LPG filling plants, service stations and companies involved in the sale and distribution of leaded and unleaded gasoline, will not be treated as companies which engage in

wholesale distribution and marketing of petroleum products. Consequently, these named companies will benefit from the reduction in the rate of corporation tax to 30 per cent. The rationale for the enjoyment of the reduced rate is that operations have always been under the corporation rate and operate under very slim profit margins since fuel is price controlled.

I go to wear and tear on bakers' plant. This is the carry-over from 2001, given that the last government, in the words of the Member for Couva South, expired before it had a chance to pass the appropriate finance bill. At clause 4(j) of the Bill, it is proposed that bakers' plant, used in the manufacture of bread, be reclassified under Class B, thus attracting a wear and tear rate of 25 per cent, instead of the existing wear and tear rate of 10 per cent under its current classification, Class A. Items under the wear and tear schedule, under Class A include boats, brick-making plants, medical practitioners, instruments, cigarette manufacturing, machinery and newspaper equipment. The rationale for the reclassification is that similar plant and machinery, used in the biscuit-making business, currently enjoy a higher wear and tear rate of 25 per cent under Class B. Other items under Class B include boilers, beverage coolers, air conditioning equipment, clothing and millinery manufacturing plant. The Wear and Tear Schedule appears to be in need of review at this time and the Government intends, during the current fiscal year, to undertake a proper reclassification exercise of this schedule.

I move next to the export allowance and that provision is contained in clause 5(a) of the Bill. The export allowance, which was First Scheduled to go way back to 1998 and then 2000 and 2002, with this Act, will be a thing of the past. It was instituted as an incentive to get our manufacturers to look beyond Caricom. Today, all our manufacturers must look beyond Caricom. That is the reality of FTA; that is the reality of the Cotonou Agreement.

The Government, at the same time, was faced with the need to reduce the rate of taxation generally, to allow the country to attract inward investment to provide that infrastructure. That is what the Government is about. In our Vision 2020, we said quite clearly that we would use the first five-year period to provide that infrastructure and this is the critical part of the infrastructure necessary. There are others that we have spoken about at different points in time.

In the place of the export allowance, we are providing, as we will see later, the measure proposed last year, the expansion of the aid-to-industry provisions. Let me use this opportunity to compliment members of the manufacturing sector and especially the executive of the Manufacturers' Association for their understanding.

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For me, this time around, speaking in my capacity as Minister of Trade and Industry, it is a pleasure. Mr. Speaker, I remember, on the last occasion, the Member for the area you once represented was here with us, when we had a fight with the manufacturers after we took certain critical decisions to provide leadership—writing some excellent speeches among other things. I remember the claim that some 40,000 jobs would be lost, which never materialized. In fact, employment grew.

In those early days, we had to organize trade missions and tell manufacturers to come with us. By the time we left, in 1995, they were organizing their trade missions and saying we should come with them. That has continued. They are having their Trade and Investment Mission here in May of next year. The other day the Dominican Republican representative wrote the Minister asking him to come with them on a Trade Mission; the same with Costa Rica. I could not have gone to Costa Rica because we were in the height of a very interesting campaign, which, thank God, we won. I am glad I did not go with them, but on the next occasion I would want to, if my Prime Minister allows. That is what is happening in Trinidad and Tobago and we are facing the challenge. They are ready to go and I compliment them about that.

I move next to the incentive we are providing to the business community to encourage them to get involved in sporting activities, as well as in culture and the arts. At clause 5(c) of the Bill, there is an incentive to companies wishing to sponsor local sporting activities as well as audio visual or video production reflecting local culture or local education or entertainment. By this measure a company which contributes financially toward the promotion of sporting events as well as local educational and entertainment production, can claim an allowance equal to 150 per cent of the actual expenditure up to a maximum of \$450,000.

These provisions are really targeting the smaller companies, which would not ordinarily have contributed to these events or productions. It is recognized that the larger companies already claim these expenses in the form of advertising expenses under section 10 of the Income Tax Act and are able to claim the full advertising cost expended in the production of their own income. However, when the normal deduction under section 10 is claimed, the deduction under the special provisions cannot also be claimed by these companies.

I will now deal with clause 6 of the Bill, which seeks to amend the Stamp Duty Act. Clause 6(1)(a) of the Bill seeks to repeal section 60 of the Stamp Duty Act. This section requires life insurance policies and deferred annuities to be stamped before execution. Failure to stamp before execution or delivery of the

policy of insurance or deferred annuity would have resulted in the person being liable to a fine of \$1,000. Clause 6(1)(b)(i) and (iii) of the Bill will also delete those parts of the First Schedule to the Stamp Duty Act, which specified the stamp duty payable on these transactions. The effect of the repeal of section 60 would mean that life insurance policies as well as deferred annuities would be exempt from the payment of stamp duty.

This is the provision which was wrongly contained in the Provisional Collection of Taxes Order, 2001. The Provisional Collection of Taxes Order is for raising revenue and they were exempted, so it was incorrectly included. Since they did not have time to do a finance bill, we have to do it for them. It could have been included in a separate Act of Parliament, but they were not here to do that, nor were they willing to come to Parliament to allow us to do it.

This is effective September 14, 2001. It was included in the Provisional Collection of Taxes Order. It is retroactive legislation, but since it is of benefit to the individual, it is allowable. As you know, Mr. Speaker, tax people frown on retroactive legislation that penalizes the individual. As a matter of fact, it is not allowed.

Remission or refund of stamp duties. The Stamp Duty Act currently makes no provision for remission or refund of stamp duties. It is proposed that the Act be amended to confer on the President the power to refund or remit stamp duties payable where it appears just and equitable to do so. This measure will take effect from January 01, 2003.

At clause 6(b)(ii) of the Bill, there is a provision, which was inadvertently included in the Bill by the draughtsman. It deals with off-the-floor share transactions. The Stamp Duty Act was amended in 2001 to increase the stamp duty payable on the sale of shares to 5 per cent of the market value of the transaction. These were intended to apply only to shares by self-regulatory organizations, such as the Trinidad and Tobago Stock Exchange, but which are not sold or transferred in accordance with the rules of the organization.

The main purpose of that clause is to provide a disincentive for off-the-floor transactions. It states that if someone wants to trade off-the-floor—big transactions by companies—then that person has to pay a 5 per cent penalty stamp duty. Therefore, it is providing an incentive for trade to go through on the floor because the more market transactions that go through the floor of the exchange, the more efficient your exchange would become. However, since this measure was a revenue-raising measure, it came into effect upon the publication of the

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confirmation of the Provisional Collection of Taxes Order, 2001, and no further legislative action is required to give effect to this action. That is inadvertence. Clause 6(b)(ii) of the Bill is therefore superfluous and adds nothing to the Stamp Duty Act.

Opening hours of the stamp duty section. This is contained in a separate legal instrument and will take effect from January 01, 2003.

I now move to clause 7 of the Bill—insurance premium tax. This is another one attempted in 2001. It was included in the Provisional Collection of Taxes Order, 2001, however, the full implementation of this measure requires an amendment to the Miscellaneous Taxes Act and we have included it. It will be effective from September 14, 2001, this being the date on which the tax was removed.

The rationale for the inclusion of this measure in this Bill is to regularize the exemption of our senior citizens from the payment of this insurance premium tax. It cannot be done by Provisional Collection of Taxes Order. It is not revenue raising; it is an exemption. We are rectifying this anomaly by this Finance Act. This can be found at clause 7(a) of the Bill. It will be noted that the relevant amendment is to section 54(1)(h) of the Miscellaneous Taxes Act, which has been further amended for us to deem section 54(1)(h) to have come into operation from September 14, 2001.

Clause 7(b) of the Bill will insert a new section 59(A) of the Miscellaneous Taxes Act so as to give the tax authority all the powers of the Board of Inland Revenue in the collection and recovery of the insurance premium tax, while by clause 7(c) of the Bill a new section 60A of the Miscellaneous Taxes Act will be introduced, whereby the tax authority will also be authorized to waive the payment of interest on outstanding insurance premium taxes and penalties payable on those outstanding taxes.

We dealt with clause 8 already when I discussed the penalties under the Children's Act. I therefore go to clause 9 of the Bill, which seeks to amend the Income Tax (In Aid of Industry) Act. As I said, the removal of the export allowance is necessary at this time. In its place, we are extending the benefit of the aid-to-industry provision to all manufacturing.

The First Schedule of the Aid to Industry Act was first amended in 1992 and this Bill will expand its provisions to all manufacturing. First of all, at clause 9(c) of the Bill, we are defining "manufacturing trade". The purpose is to ensure that the definition does not include the printing and publication of newspapers, magazines, reviews and other periodicals by the proprietors for their own use. We

have some amendments. At the later stage of this Bill, I will seek to amend this definition by deleting the word “industrial” before the word “activity”, so as not to limit the range of manufacturing to those carrying on industrial activity. There is also an increase in the initial allowance from 50 to 60 per cent, but this will not apply to persons enjoying concessions under the Fiscal Incentives Act and engaged in the production of sugar, petroleum or petrochemicals.

Clauses 10 and 11 of the Bill are further measures, which are aimed at increasing the administrative efficiency of the taxation system, and include amendments to the provision relating to the health surcharge, allowing the Board of Inland Revenue to waive or reduce the increase accruing on such outstandings from employers for the payment of health surcharge. This proposal is to be found at clause 10(b) of the Bill.

In addition, from January 01, 2003, the penalty for late remittances of health surcharge will be increased from 50 per cent to 100 per cent. It is also proposed that with effect from January 01, the rate of interest payable on outstanding health surcharge will be increased from 15 to 20 per cent. This proposal is found at clause 10(a) of the Bill. [*Interruption*] We are working on that, especially for manufacturers. It was your Minister of Finance who told them that anything over \$10,000 hold it for at least six months.

VAT assessments: With effect from January 01, 2003, the board will be authorized to raise VAT assessments within six years after the end of the tax period to which the assessment relates or within three years of the filing of the return, whichever is the later period. This amendment is necessary to counteract any strategies which are designed to avoid being assessed by VAT Administration, since a situation may arise where a VAT registrant files his return at the end of the six-year period. In such a case, he could easily escape being assessed altogether. The proposed amendment is reflected at clause 11 of the Bill and there is a similar provision contained in the Income Tax Act, which also permits the board to assess a taxpayer within three years of the date in which a return of income was filed.

In conclusion, this Finance Bill, 2003 will bring into law fiscal and other measures, which will continue the fiscal discipline which has brought us this far. Accordingly, I beg to move that the Bill be read a second time.

*Question proposed.*

**Mr. Kelvin Ramnath** (*Couva South*): Thank you very much, Mr. Speaker. While my honourable friend was going through this Bill, I took the opportunity to read a very historic document. It is called, *Strong Leadership for Trinidad and*

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*Tobago*, the United National Congress Manifesto 2002. The document was seriously taken into account by more than 285,000 people. These were people who supported the proposals contained in this document, voluntarily. They were not offered any inducements. We did not have people like contractors in Ortoire/Mayaro walking with wads of bills and cellular phones. However, we did not get the 1,200 votes required to implement these visionary proposals in this document.

Clearly, they on the other side have read this document because a lot of what is contained here has been coming to us in the Parliament over the last few weeks and I am sure more will come in the future. I quote from page 2:

“More Tax Cuts for Individuals and Companies

After no new taxes in your first six years...”

That is the first historic six years of UNC government.

“...we will cut back Personal Income Tax and Corporation Tax by 5% initially, with a subsequent 5%.”

[*Interruption*] That is our difficulty, so you copied it.

“By lowering the tax rate, increasing non-taxable allowances and removing VAT from a range of consumer items, including computers and computer supplies, the UNC enabled taxpayers to keep more of the money they earned, over six consecutive years. We propose to swiftly assess the feasibility of our earlier commitment to consider a substantial cutting back of VAT.”

Of course, there is a whole range of proposals contained in this very historic landmark document.

I have to pay tribute to the wisdom and vision of the former Minister of Finance, the hon. Member for St. Joseph, whose position in Parliament and that particular constituency is guaranteed for a long time. [*Interruption*] When he plans to leave he will be leaving to ensure that his continuing contribution to Trinidad and Tobago will be at a level that will benefit all citizens.

Nothing new has come from the PNM. I know how difficult it is. They are seeking today to give effect to a series of budget proposals, which we dealt with at length some time in December. I expected from the Minister of Trade a more coherent presentation. I understand his difficulty, not because he is incapable of doing so, but because of the complex nature of having to put so many amendments in one piece of legislation. It does give some kind of credence to the



criticism by the media on what goes on in Parliament, so that we have to make a very special effort to communicate what we do here to the general public.

I find it very interesting that a certain gentleman who loves television complained violently recently when The Information Channel broke down and he could not be seen on television while he was pontificating on a number of issues with respect to impropriety associated with respect to certain individuals. I am surprised that the Prime Minister and others, including your good self, has not sought to bring these debates live to the public on The Information Channel to let the people see and hear for themselves how we conduct ourselves in this Parliament. [*Interruption*] That is beside the point. I think we will have that matter dealt with at the appropriate committee.

If we want to make sure that the business of this honourable House is properly communicated, we must make sure that when the new Government communication programme comes into effect and the Ministry of Public Administration has its own TV station and radio frequency, it will be extended to the nation's Parliament, so that we can listen to the hon. Prime Minister, as leader of this country, make his contribution. It will keep some of us awake as well.

I will comment on two aspects of the contribution made by the hon. Minister. The first has to do with taxes on pension contributions relating to retiring allowances for Members of Parliament. I have no difficulty with that. My difficulty—and the Minister of Finance alluded to it—is that, in our stage of development, only \$12,000 a year deduction for pension contributions is allowed. We should be encouraging people to save money by contributing to pension plans. We should be encouraging people to save and at the same time giving them an incentive to do so by allowing much more than \$12,000 in pension contributions.

Where I work, for the time being—I do not know what will happen under the new dispensation—a person is required to contribute 7 per cent of his salary—it is mandatory in that company—towards his pension plan. If the person works for the modest salary, as I do, he will contribute something like \$2,000 per month, but he is only allowed \$12,000 a year. It means he is paying taxes on \$12,000 a month, on money that is going into the plan and, on retirement, he is also paying taxes on his pension. I do not understand why that has to be so. I think that is taxing people twice and that is my concern. I am sure I speak on behalf of many people. I did not take the opportunity to ask my colleague, the Member for St. Joseph, why he had not done something about that, so I must admit that I speak here on behalf of myself and many people contributing to pension plans.

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In addition, I have to pay a pension contribution on the pittance I receive here. I do not know how people accept full-time jobs as Speaker of the House of Representatives, President of the Senate and Ministers on the salaries they are getting. I hope I can speak on behalf of everybody to the Salaries Review Commission and say something has to be done about this pittance that is afforded.

I am counting my pension right now. If I serve another term and retire at the end of this term, I will be entitled to two-thirds of my highest annual salary. I will have to give it to charity because it is so small. As a charitable person, I will do it anyway, but they are taxing me on the money that I am contributing. So, when the Minister says he is doing a great favour for Members of Parliament by making their contributions non-taxable or falling within the \$12,000 limit, he must understand that that is really no benefit to 99 per cent of people who sit in this House. That is my first point I wish to make on a personal note. I am reminded that that affects most of the population.

What I am concerned about in this piece of legislation is really the change in the tax regime, which is really what this Bill is seeking to do in a number of areas. It has to do with amendment to the First Schedule of the Corporation Tax Act and the exclusion of companies engaged in the liquefaction of natural gas, manufacture of petrochemicals, physical separation of liquids from natural gas and natural processing stream and so forth, not to include gas stations and LPG filling plants.

The question I ask the Minister is: Why do you continue to discriminate against the energy sector? At the moment, the petroleum industry in this country is ailing. Petrotrin, which is the largest on-land company, cannot generate enough cash from operations to sometimes meet even its employees' salaries. Short-term borrowing has increased, sometimes to \$2 billion, in order to meet obligations such as salaries and other short-term commitments, yet they are taxed at the rate of 55 per cent. The petroleum profit tax is at the rate of 55 per cent. What compounds the situation is that the refinery is also taxed at that rate. The refinery for all intents and purposes is involved in the physical separation of liquids. It is involved in the manufacture of petrochemicals as well. It is involved in processing and it is taxed by itself, but at a higher tax rate than the companies that manufacture petrochemicals in the country.

I can understand why production from exploration and production activities are taxed at a higher rate because of the need for any country to ensure it maximizes returns from our national patrimony, but I cannot understand how they cannot write off losses incurred at the refinery against profits made in the

operations on land or marine areas. While the refinery is not paying taxes because of accumulative losses over the years, there is no write off against those losses for other sections of the companies' operations.

I am also surprised that we are not seeing in this Bill provisions to encourage further expansion of exploration and production work on land in Trinidad and Tobago. I understand that the present Government has continued the thrust, an initiative of the UNC, in terms of its offshore exploration, whether it be BPTT, EOG, ExxonMobil, BHP Billiton and so forth. When it comes to land operations, little or nothing is heard from the Government with respect to helping this ailing industry.

We employ 5,000 persons at Petrotrin and one cannot talk in Petrotrin about voluntary separation as they are trying to do in Caroni (1975) Ltd., because of one constant in the industry, and that is the OWTU. What is happening today in Caroni (1975) Limited will not be allowed to be initiated in the oil industry in Trinidad because of the position the OWTU has taken on a number of issues regarding job security. That is an issue we will talk about on some other occasion.

In order to keep a labour force of 5,000 persons—in addition to which there are a number of lease operators, joint venture partners, a number of contractors—in order to keep 20,000 persons employed in the oil industry—they need tax breaks. My friend, the Member for Ortoire/Mayaro, knows exactly what I am talking about. As a former employer of a joint venture company with Petrotrin known as Venture, he would know of the difficulties his own company has been experiencing with respect to the tax structure, to the extent that his company has sought to renegotiate to remove itself from a joint venture obligation to that of a lease operatorship, so that his tax liabilities will be reduced. I do not blame them for that.

I do not know whether, in the course of negotiations, any campaign contributions were made to the success in Ortoire/Mayaro, but I am reserving that. The difference in tax payable by his company under the present regime and what they will pay under the taxation for lease operators—those people to whom we lease wells and they pay taxes on their production—is phenomenal and they should change the law. I am not criticizing my friend the Member for Ortoire/Mayaro. He knows that I consulted for his company. I did his environmental impact assessment, which was highly lauded.

We come to Parliament once again and we ignore the goose that lays the golden egg. I am not surprised nor am I disappointed that the Prime Minister is seeking to find creative ways of increasing production at Trinmar—if the reports are correct—because we need to do that to increase from 30,000 barrels a day to

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60,000 barrels a day, which is the potential of the Trinmar operation. The reason we cannot do it ourselves is that we are not generating enough cash from operations to generate that kind of investment.

The Prime Minister also knows that when he was Prime Minister in one period before, he tried an experiment by giving Texaco an operating agreement to manage the affairs of Trinmar, which did not bring the desired benefit at the time. There is nothing in our proposals for changes in tax regime to deal with a serious problem like that. You do not wish to justify, Mr. Speaker, the payments due as a result of an oil company not meeting its obligations. You do not wish to justify the situation at Trinmar on the basis that ExxonMobil, for example, can use the money which is liable to the State as a result of changing the terms and conditions to justify investment in Trinmar to allow that company not to continue—as the Member for Siparia said, breach of contract. I agree with what is in your programme. I would have no problem if the money due to the State, as a result of a change in the contractual arrangement, goes into some other operation, but I want to come to that specifically because I have a problem with the issue of transparency.

Before I get to that point, I want to say that the time has come for the Government of Trinidad and Tobago to take a very close look at petroleum operations, particularly on land and the ageing infrastructure offshore and to do something to rescue these operations, otherwise the very Government will come, in due course, to seek to justify either sale, joint venture or closure of operations, based on the poor financial performance of those assets.

Let us take the Pointe-a-Pierre refinery for example, which, as I indicated to you under this provision must pay 55 per cent corporation tax. You are dealing with a refinery which produces 40 per cent fuel oil. That is totally unacceptable anywhere in the modern world, in addition to which, to renew the existing plants but not to improve the technology would require another US \$400 million. The figure we spent to upgrade the Pointe-a-Pierre refinery was US \$430 million, more than a billion dollars. That was only to bring the refinery to an acceptable level, not at all close to cutting-edge technology.

There was nothing from the Government with respect to incentives. Right now talks are quietly taking place with potential partners. I am not suggesting that we must continue to operate as if we must not engage in joint ventures or partnerships with people. I am suggesting that joint ventures and partnerships must not come in when we are at a stage when we can do nothing about it. We will have no power of negotiation when we are talking to these people. We do not have an energy policy. The last government circulated a Green Paper. We are still awaiting an

energy policy and we need one. We need to talk about trans-boundary matters—unitization of gas fields between Venezuela and Trinidad and Tobago. It is not perhaps the best time to talk, but it is important that we talk.

**3.30 p.m.**

Mr. Speaker, we have to talk about what we get from liquefied natural gas. The Prime Minister made a statement recently about his concern. [*Interruption*] If the Member for Diego Martin East would give him a few minutes so the Member could listen to an intelligent contribution, it would be useful. [*Laughter*] The Prime Minister made a public statement. [*Crosstalk*] I will not engage in crosstalk. The Prime Minister spoke of his concern about what we are going to benefit from the expansion of liquefied natural gas. He would recall that I supported him in what he said. He is not gracious enough to acknowledge that I publicly said that I agreed with him.

When you are talking about expansion of your liquefied natural gas, you are talking about utilization of very large quantities of natural gas and you want to get the best for your country before you can agree; but every time somebody comes up to expand the LNG plant, we cannot set up a negotiating team to deal with them and ask, “Well this time what are we getting as citizens of Trinidad and Tobago?” We have to stop that. We have to put in place a natural gas policy; we have to do that, and it is the natural gas policy that will guide how we negotiate and it will guide how we decide. [*Interruption*]

Mr. Speaker, 65 per cent of our revenues come from the well head, so we have to be extremely careful when these investors come to talk to us about deregulation. We have to be extremely careful, while we must deregulate.

When we sell natural gas to Connecticut, Boston, Elba Island and Spain, they use what is called a net back-formula. [*Interruption*] In fact, I visited the terminal. They use net-back pricing to determine what the well head price should be. So that if the market value of our natural gas in Spain is “X” dollars per million BTU, they back off the cost of operating the terminal in Spain; they back off the shipping cost; they back off a 12 per cent rate of return for the plant in Point Fortin; they back off the amortization cost for the pipeline that they run into Galeota and arrive at the well head and say, “This is the price.”

We all know that we do not have adequate legislation for this. For example, natural gas was and still is legally considered as a by-product from oil and gas operations. Today that is different in the new world order, and we have to be extremely careful. While we want to sell directly from the producer to the consumer,

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we have to make sure that they do not set the price for us on which we impose royalty; and this is exactly what they want to do. All I am saying is that we have to consult with all the stakeholders, but we must go there with a document that says, as the Government of Trinidad and Tobago, this is what we consider to be in the best interest of the people of Trinidad and Tobago.

I was on the negotiating team for Atlantic Trains 2 and 3; yes, I was on that team, and I met some very obstinate people. I met some people who did not think that they had any reason to account to anybody; that if we did not agree that they were going back to their principals, the plant will not—I am glad the Prime Minister had the fortitude to say, “Well, we are not going to give in, in this matter.” All that can be avoided if we have a clearly enunciated energy policy for the world to see and to understand that Trinidad and Tobago is not some island state that depends on people who feel that they can come here and set the terms and conditions for the exploitation of our natural resources. *[Interruption]*

As the Member said that, I want to say something, Mr. Speaker. I was dismissed as Minister of Energy and Energy Industries in 1988. I do not think I have any colleagues on this side who will be offended. *[Crosstalk]* That is why I fear for my friend from Port of Spain South. If you get into conflict with your Prime Minister, it is not the Prime Minister who will go. *[Laughter]* I went twice *[Laughter]* *[Desk thumping]* so much so that the Member for Diego Martin West is always hurling statements about my bones having gone into the political cemetery.

I have to say this, because there are too many indignant, self-righteous politicians, some retired and so on. *[Interruption]* I always speak for myself. I do not need people to speak for me, like you do. I received a communiqué from a senior public servant that the Prime Minister wanted me to sign a Cabinet note to give a block to Occidental Petroleum Company. *[Interruption]* Would you stop disturbing me; you have nothing sensible to contribute but you are disturbing me. It had to do with the S11 block for which the Member is very famous; well, the Member knows about it. It was one of those areas that, as a geologist, the Prime Minister indicated that there, perhaps, was existing the potential for what is called an “elephant” in geological terms. The block eventually was given to Mobil.

The Cabinet note was brought for me in this Parliament to sign; I had not read it; I had not met Occidental. At the time, I had already sought from His Excellency The President an order to go out for competitive bidding and we had already advertised the block for competitive bidding, as we did in the case of the ExxonMobil situation. *[Crosstalk]* When I refused to sign the note, I was asked,

“Where is the Occidental proposal?” I did not have any meeting with Occidental; I did not know there was a private delegation that went up to California and they met with various oil companies and it was decided. *[Interruption]* I can speak freely; I am afraid of no one; I have always been that way and I am willing to bear the consequences of my actions at any time, unlike any of you.

The point I want to make is that we have to be careful that when we grant licences and establish certain terms and conditions under those licences, particularly under our production sharing agreements, that the terms and conditions are, in fact, adhered to by whoever is in charge.

What seems to have been happening in recent times is compounded by a lack of information coming from the Prime Minister. I do not know when he will speak about this particular issue of ExxonMobil which, as you know, Mr. Speaker, has to do with taxation, income and what the Bill clearly says are matters of a fiscal nature, because the impression is being conveyed that the Minister of Energy and Energy Industries and his officials at the Ministry are in direct confrontation or diabolically opposed to the position of the Prime Minister. *[Interruption]* Diametrically opposed. *[Crosstalk]* Sorry, I did not mean to associate you with diabolic behaviour; I never will.

When you are reported in the newspapers as having said that you are going to fire the Petrotrin board—*[Interruption]*—reported I said, then subsequently you are reported to have said that you are going to make some adjustments to the board—and to tell you the truth, I will support you if you fire them, for other reasons; well, most of them. *[Interruption]* For 29 years I have been working in the industry, I built it. I am not like some people who came and inherited; I work there. All I am saying to you is that when these things are communicated to the public, the impression is conveyed that the Prime Minister must get his way or people are going to be punished, and that is a very dangerous message to send, not only to the national community, but to the international community. It is equally dangerous to send a message that you are unwilling to talk to multi-nationals.

It is important that we become creative, but it must not appear that the Prime Minister is saying to the world at large, “You don't have to talk to the Member for Port of Spain South, you can come to me.” *[Crosstalk]* That is what is reported. If a serious matter that has a lot of implications like this is not aired in the Parliament, if the Prime Minister does not think that he should make a statement in the Parliament about a matter which, in my view, connotes a lack of transparency and the potential for corruption, then I blame him for not making his position clear. *[Desk thumping]* I am not accusing him of anything.

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The Minister of Energy and Energy Industries received a letter from the President of Exxon in January of this year in which Exxon stated its position.

**Mr. Speaker:** Order, order!

**Mr. K. Ramnath:** I forgot the document, but Speakers before you have actually asked some of us to bring the paper up there like schoolmasters. In which letter they said, that having built four wells, that the block was clearly not commercial, that it was pointless continuing to drill to the same depths and so forth and they would like to have clarification. I ask the Minister of Energy and Energy Industries, whether he replied to that letter, because I did not see it and I presume that since I did not see it, he did not reply. [*Laughter*]

**Mr. Manning:** Are you working in the Ministry of Energy or working in Petrotrin?

**Mr. K. Ramnath:** Both. I am just trying to get you to stand up, but I am not too sure you will be allowed to speak. [*Laughter*] In that letter the President of Exxon said, “Let us drill five wells in the shallow foundation, because it will not make sense.” Then subsequently the Ministry said no. I am not blaming the current Minister, because part of that took place under the administration of the UNC. Subsequently, under this administration they offered to drill two wells at a depth of, I think, 3,000 metres. That is the depth they wanted, below mean sea level. That matter was also rejected by the Ministry. The Ministry officials continued to demand that they should pay the penalties associated with a breach of contract.

As we all have been told via the media, the Prime Minister, as published in the *Daily Express* of December 11, indicated:

“Manning confirmed that there had been major disagreements between the Ministry’s technocrats and the Cabinet but said at the end of the day the Cabinet was responsible to the people of Trinidad and Tobago.

‘Technocrats have a view which they are entitled to but politicians have one (which is) way beyond geology and engineering. Our responsibility is to the development of the people of Trinidad and Tobago,’...

He also claimed that the entire \$250 million...”

Which will be the penalty for breach of contract,

“would not be waived and that the company had offered a cash payment as well as some developmental drilling and 3D seismic reinterpretation.”

So it means, therefore, that the Prime Minister was, in fact, negotiating in a personal capacity—when I say personal, as Prime Minister of the country—in order to settle the terms and conditions of a legally binding contract. [*Interruption*]



**Mr. Manning:** Mr. Speaker, I really thank the hon. Member for Couva South for giving way. While I propose to respond in the debate, I thought I should make it clear at this stage that the reports in the newspapers are quite erroneous as they relate to the facts in this matter and that the Prime Minister, at no time, has negotiated with any oil company on any matter. Our Government is organized differently and at the appropriate time in this debate I would get a chance to place it into the record.

**Mr. K. Ramnath:** It looks as though I have to come here to seek a clarification which should have been an ordinary response to what he terms “an erroneous report” coming from one of our respected daily newspapers. If it were the *Newsday* I would forgive him. [*Crosstalk*] Mr. Speaker, I am not making any accusations; I am not drawing any conclusions. I am simply stating the facts as presented to me.

What further aggravates the situation is that on December 10, the Prime Minister in an article written by Curtis Williams in the *Express* said:

“But the sources say at the heart of Manning’s thinking...”

I do not know how they got to his heart and his thinking. [*Crosstalk*]

“is that he does not want one of the world’s largest oil companies to leave Trinidad and Tobago and that he wants an increased role for ExxonMobil in Trinidad and Tobago in other areas of the energy sector, possibly aluminum, the Petrotrin refinery and even ethylene.”

In another section mention is made about seismic work and a possible arrangement with Trinmar.

You know, Mr. Speaker, once this information was out—the sources I am talking about—Trinmar workers downed tools because they heard that somebody was coming to take over Trinmar. One of the problems we have in the state-owned oil company is that the Oilfield Workers Trade Union starts up and shuts down the company whenever it desires; [*Crosstalk*] but I want them to know that Errol McLeod does not support any political party, save his own. [*Crosstalk*] I know so much more than you, that you would take a long time to understand. From the moment the news got to the workers of Trinmar that there were discussions taking place, we had to send out a letter via postmaster to all employees that we are not talking to anybody, because immediately workers were frightened.

The point I want to make to the Prime Minister is that it is worth saying to people that we are holding discussions with whoever we are holding discussions,

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if you are. I do not expect you to release any confidential information; I do not expect, if you have been approached by ExxonMobil to discuss alternative ways of paying. I recall when Conoco was in breach of contract that we found ways of collecting moneys owed to us; so that it is nothing new.

**Mr. Speaker:** The speaking time of the hon. Member has expired.

*Motion made,* That the hon. Member's speaking time be extended by 30 minutes. [*Mr. P. Manning*]

*Question put and agreed to.*

**Mr. K. Ramnath:** I thank the Prime Minister and hon. Members for their generosity. It is regrettable that I only have 30 minutes, because I have so much more to say.

The point I was making is that the manner in which things are done is as important as the results that will come. I support the view that we have to inject large sums of money into Trinmar. I support the view that Trinidad and Tobago can benefit enormously from seismic lines; although some people say there are enough seismic lines. [*Interruption*] Precisely; I know that we need more than that. In fact, we need a lot of re-interpretation; we need a lot of 3D seismic; we need a lot of drilling.

I want to refer the Minister to an incident that occurred while the UNC was in power. Lest anybody accuse me of taking jabs at my colleagues, I am a loyal supporter of this party and the leader of this party. [*Crosstalk*] Unquestionably; my loyalty is unquestionable to the present leader, the acting leader. [*Crosstalk*] He does not even go to a thanksgiving function and he is always conveniently in Tobago and when somebody else is acting he does not attend Cabinet meetings.

**Dr. Rowley:** Tobago is part of the country.

**Mr. K. Ramnath:** Let me continue, Mr. Speaker. A tender was issued by Petrotrin for the development of the southwest Soldado field. [*Interruption*] Yes, I will speak any time. If we have the opportunity to open up a few wells in southwest Soldado today, we can increase the production by 5,000, but because of infrastructural problems, which means that we already have wells in southwest Soldado. All that I am saying to you, Mr. Speaker, has to do with our ability as a country to raise revenue and taxes for the benefit of the people of Trinidad and Tobago.

This tender was international and two companies submitted bids, finally, for this project. It turned out that the board of Petrotrin hired a foreign consultant out of the United Kingdom to conduct a forensic audit of all the activities incidental

to the award of this contract. In fact, the contract was not awarded. In fact, the preferred bidder was FW Oil, Mr. Frank Wheeler from Houston. [*Crosstalk*] The matter reached such an extent that a former Minister of Energy sued for libel, to the extent that I do not think any defence was put in and I think that the matter is now up for settlement.

The point is, we are talking about an investment of about US \$200 million; that is the major point I want to make; which meant putting in new platforms; running submarine lines; drilling wells and producing these wells. [*Crosstalk*] I know that Ernst and Young was selected as the company to evaluate the place. I do not know whose bid came early, whose bids came late. What I do know is that I have nothing to say. [*Crosstalk*] I do not take the privilege of this Parliament and abuse it. I have never done so. [*Crosstalk*]

**Mrs. Robinson-Regis:** Since when?

**Mr. K. Ramnath:** Since 1976 when you were a little girl.

**Mr. Imbert:** Since Gloria Henry.

**Mr. K. Ramnath:** I read the ISS report and it is not worth the paper on which it is written and you will soon find out when you have a good look at it.

Mr. Speaker, if you need US \$250 million to invest in Trinmar to turn it around, then it is very likely that the reports in the newspapers that the Prime Minister, members of his Cabinet, or his Minister of Energy and Energy Industries or his technocrats might have been dealing with ExxonMobil as part of the settlement is a breach of contract between ExxonMobil and the Government of Trinidad and Tobago. That is a dangerous precedent.

There can be no breach, if the Minister of Energy and Energy Industries does not consider it to be a breach, but if you fail to drill the number of wells that you were supposed to drill in the particular block, then you are in breach, because I also have a copy of the production sharing agreement, which is now missing from the Ministry; documents signed by Finbar Gangar relating to that particular project. The lawyers will tell you that it is clear that if you fail to drill the required number of wells at the required depths in the required geological zones, then you are in breach.

The question is: Are we going to invite ExxonMobil to participate in Trinmar and if we are going to do so, will we not be throwing out the window, contracts and tendering procedures which they accused the former UNC government of doing, with respect to the FW Oil issue? Do they have the moral authority and will

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it be transparent for them to negotiate directly with the company when other companies have shown an interest in participating as a joint venture with Trinmar? I want the Prime Minister to let us know whether politicians are now negotiators. I am worried about that. [*Crosstalk*] If the UNC did that, they were wrong. You know that politicians must not engage in negotiations, but when technocrats engage in negotiations you are publicly chastised. [*Crosstalk*]

You know, Mr. Speaker, Mr. Clinton Bernard of the airport enquiry, spoke of Jearlean John ignoring the advice of the experts. I am not going to get involved in any internal matter. He said on public television:

“You, Ms. John ignored the advice of the experts.”

That is all I want to put on the record. I trust that when we have returned to office in a few years' time and there is a commission of enquiry into this matter, that the commissioner will not have to say that “You, Mr. Manning ignored the advice of the experts”. [*Desk thumping*]

I am trying very hard to get the Prime Minister to understand that no state enterprise is his personal property; that no state enterprise is the personal property of the PMM. I base my conclusion purely on the reports that have been made public. Even though it might be based on his best intentions to get investors involved with Petrotrin, we have to make sure that the international community knows, if even for information, so that those who might be interested may wish to submit a bid in these matters.

If, for example, ExxonMobil decides that the money that is liable to be paid in respect of the east coast arrangement, can be invested in Trinmar, what equity do they want in Trinmar? It might very well be that the moneys that they owe to us they may say that they are going to provide a service. I am saying to you here today hon. Members, none of these multinationals is in this country for the benefit of Trinidad and Tobago. Whatever benefit accrues to Trinidad and Tobago is as a result of surplus from the operations. If we are going to have ExxonMobil in Trinmar, I am not opposed to it. I am not opposed to FW Oil; I am not opposed to anybody who meets the requirements and the criteria set by the board of Petrotrin and, by extension, the Government of Trinidad and Tobago.

You must follow the tendering procedures; you must. You must make sure that it does not appear that they are the preferred joint venture partner of a Prime Minister, Cabinet or politicians. I am not suggesting at all that technocrats of the Ministry of Energy and Energy Industries must dictate policy; I am not suggesting that technocrats must dictate policy. Petrotrin has no duty [*Crosstalk*] to the

Ministry of Energy and Energy Industries' technocrats; I make that very clear. Petrotrin is a company registered under the Companies Act and it has tendering procedures approved by the Ministry of Finance. Petrotrin does not need any advice from technocrats, but that is a different matter. *[Interruption]*

**Mr. Manning:** I thank the Member for Couva South for giving way once again. Will the Member agree that because Petrotrin is a state enterprise it means that it is expected to carry out some aspect of government policy, if not it will be a private sector organization and, therefore, in that regard, it has a responsibility to the State for the implementation of elements of government policy and, therefore, accountable for it? Will the Member agree?

**Mr. K. Ramnath:** It appears as though you have not been listening; I totally agree with it. If I am the owner—and that is the Government of Trinidad and Tobago—of a state enterprise, and I make policy, you better follow it; you have to follow it; but the problem lies with the dual role of your Ministry of Energy and Energy Industries. You are supposed, by now, to split the role of that Ministry and let energy planning be separated from regulatory affairs; let the Ministry of Energy and Energy Industries focus on regulatory matters and leave the administration of state enterprises that fall within the energy sector and planning function. *[Crosstalk]* Well, put it to the most brilliant deputy leader who is aspiring to be leader, the Member for Diego Martin West; you could give him that. *[Laughter]* He asked a question and I am simply replying where to put it. *[Crosstalk]*

I agree that policy matters be clearly communicated. When Mr. Yetming, the Member for St. Joseph, was Minister of Finance, he sent reminders of government policy to the state enterprises: "Chairmen of boards your own car please." *[Crosstalk]* I am telling you what the Member for St. Joseph did. He clearly enunciated what the policy was on a number of issues. *[Crosstalk]* Where contracts are in excess of \$15 million—ask the current Prime Minister, we sent him—he has to approve—*[Crosstalk]* Five million dollars, I beg your pardon; as though that is some big achievement. It is the principle I am driving at. It may not be the figure we agree to, because too many \$5 millions will have to go to the Minister of Finance when you are dealing with drilling wells and so on, so we may need to lift it, but the principle was and continues to be that the Minister of Finance and the government is ultimately responsible for the success of a state enterprise. I have no difficulty with that.

It must not appear that you are trying now to go beyond articulating policy and getting involved in the day-to-day affairs, for example, in selecting or

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recommending the selection of, let us say, your joint venture partner. It is a difficult issue. On the one hand you want to succeed. When the UNC in its wisdom and by demonstration of its sheer brilliance, in six years, did for this country what has occurred nowhere in the Caribbean [*Crosstalk*] and what the PNM could not do for 34 years, because of their exuberance and enthusiasm [*Crosstalk*] my colleagues were accused of untoward behaviour.

They on the other side are experiencing in this modern world, in this global environment that you cannot wait on bureaucrats to inform policy decisions of the government, that politicians are now required—and they love what I am saying, Mr. Speaker, because in their hearts they know how difficult it is to deal with people in the public service who are doing their work according to antiquated and antediluvian legislation and procedures.

The fact is that politicians are now required to be experts in their areas and their expertise must inform their judgment and policy decision, rather than coming the other way from bottom up. I understand the inherent conflict in managing government. I have not had that responsibility for some time. When I had it I was so futuristic that I said that I was not signing the Cabinet note and then I was, quite naturally, asked to demit office. [*Crosstalk*] Yes. [*Crosstalk*]

We are going to see an escalation, unless the Prime Minister and the Minister of Energy and Energy Industries explain to the national community what is happening with this matter, and that is very important. The Prime Minister threatened or promised to clear the air on the matter and I can only suspect that, perhaps, he does not have enough information to deliver to the public as yet, that he has not done so. [*Crosstalk*] Well, if it was done this morning, between Couva and here I did not hear what you had to say. However, Mr. Speaker, we have to be extremely careful. The equity demanded by companies in joint venture operations must be seriously justified.

I think I have said enough on that matter and I want to emphasize that we consider this to be a very serious matter. In an attempt to raise further revenues and rehabilitate and resuscitate the energy sector, I want to call on the Government to urgently look at revising the taxation policy. I will tell you why, Mr. Speaker. We have a number of operators that produce oil at the rate of two, three and five barrels per day. The power to pump a well 3,000 feet is expensive; it cannot pay out. We are encouraging local entrepreneurs. I am sure, Mr. Speaker, that you are fully aware of what I am talking about because in your previous position in San Fernando you would have interacted with a number of people in the Chamber of Commerce and other interested parties, so too the

Member for San Fernando East, who has been crying out to the high heavens for relief. You cannot expect people to invest their money to grow the sector if you have a punitive taxation system.

I also want to draw the attention of Government to the taxation system imposed by oil companies on land. In fact, I feel the time has come for us, not only to create equity in the system, to allow companies like Petrotrin and other producers to enjoy the same benefits as lease operators, but that, having regard to the age of these wells and the producing potential, we should, altogether in some cases, not have any taxes imposed on certain aspects of the operation.

Today on land, we are producing 18,000 barrels of oil. In 1968, Guayaguayare was producing 60,000 barrels of oil as a single field. Today, our entire land production in Petrotrin produces 18,000 barrels and yet the supplemental petroleum tax is imposed on wells which are producing five and 10 barrels of oil, because the formula is irrelevant. The formula is based on oil price.

Another taxation methodology applied is to tax Petrotrin oil that is coming from the field, not of the value of products, but on the basis of international market prices; so that 50 per cent of your tax comes from international market prices based on that, the other 50 per cent is based on a net back arrangement. The time has come for you to charge taxes based totally on net-back for a company that is ailing, a company that is producing five and 10 barrels of oil per day per well.

We should be taxed on the basis of what we realize from the crude, not to take up some kind of formula that is developed for other jurisdictions and apply it in our cases. I am making a plea, not because I work there, but when I assume a position in government in the near future, I will be the first to do that, because I want to see the industry saved. [*Crosstalk*] [*Laughter*] I have been reincarnated once. [*Laughter*] They could change how many boards they want, but you know what is interesting? The board of Petrotrin met and said, “We did not want to have to swallow any proposal to bring Exxon in with Petrotrin”; and two members of the board disagreed and made their position known. I am not making any plea for these two members; all I am saying is that it appears as if those two members are listed for execution. [*Laughter*]

You know, Mr. Speaker, for a Prime Minister to say, and be ably supported by his Minister who, incidentally, is so quiet these days, because if you know I was a minister and my technocrats were bucking me to the extent that one says:

“Andrew Jupiter was quoted as saying that ExxonMobil would be held to the terms of its contract unless it could provide an acceptable excuse.

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He said, 'Trinidad and Tobago government believes in sanctity of contracts, and ExxonMobil has a contract to drill seven wells.'

Jupiter noted that when the blocks were advertised ExxonMobil outbid five other companies and paid US \$68 million...as a signature bonus."

In spite of the Prime Minister intervening and saying, "Well this matter should be discussed in some detail and the technocrats should watch what they say," there has been open defiance. I am not hearing anything coming from the Minister of Energy and Energy Industries and Member for Port of Spain South to account for the delinquent behaviour of his technocrats who are openly challenging the Prime Minister. [*Crosstalk*]

Well I know by now you would have gone and made peace, [*Laughter*] because it looks bad for you to have a permanent secretary and his staff say to the international community that the politicians are seeking to dictate and what we have in Trinidad is a bunch of autocratic politicians. Once that message gets to BP, Exxon and Conoco and all the international companies, they would have serious problems in dealing with the Government, so the Prime Minister is trying to make peace. Perhaps he is even now talking to his Minister of Energy and Energy Industries.

If I were the Minister and I had that kind of rebellion taking place in my ministry, I would offer my resignation. I would not wait to be dismissed.

**Hon. Members:** Wind up. [*Crosstalk*]

**Mr. K. Ramnath:** A government in this situation that says nothing or attempts to cover it up, is seriously guilty of not coming to terms with the political reality of Trinidad and Tobago. The fact is, if we on this side were in government and we were even remotely involved in a matter of this type, you would hear an international howl; that is right. For six years they tried their best to ensure we could not function. Every single act was about corruption, lack of transparency and mismanagement and here we have an open conflict with the technocrats of the Ministry and the politicians and—[*Crosstalk*] and we are not hearing a single word coming from the Government.

So let me, Mr. Speaker, simply conclude by saying that I would like the Government to look at a restructuring of the tax regime as it applies to Trinidad and Tobago. I want to make sure that the solution is not to use money that you get from a breach to finance other aspects, but that the companies in Trinidad and Tobago should be able to generate sufficient cash from their operations as a result



of a reduction in their tax liabilities, so they could survive and keep people and keep our country as a beacon light in the Caribbean.

Thank you, Mr. Speaker.

**The Prime Minister and Minister of Finance (Hon. Patrick Manning):**

Mr. Speaker, the book of Proverbs in the Bible says that lips informed by knowledge are a precious jewel. I must say that this afternoon I rather enjoyed the contribution of my honourable friend, even if I did not always agree with what he had to say. I thought his contribution was particularly stimulating and it seemed to recognize that this is a Parliament, a place where the people's business is discussed and the Opposition has a right to ask questions of the Government and to raise issues and the Government has the responsibility to respond. That is why I thought I should make a brief intervention in this debate.

The approach of the PNM and the approach of the UNC, on matters of natural importance, are not the same. [*Desk thumping*] Our Government is structured in a particular way. We have a Cabinet that comprises 24 members and the business of the country and the work of the Cabinet are facilitated by the existence of a number of Cabinet subcommittees each headed by a member of Cabinet who does not have responsibility for the subject under consideration. So that our legislation review committee is not chaired by the Attorney General; our Finance and General Purposes Committee is not chaired by the Minister of Finance; our standing committee on energy is not chaired by the Minister of Energy and Energy Industries; our standing committee on tourism in Tobago is not chaired by the Minister of Tourism, and there is a reason for that.

The reason is that one does not wish in the consideration and deliberation on policy, as it relates to that particular portfolio issue, that the deliberations are unduly influenced or clouded by the views of the minister or ministry that is responsible for that area, but that the minister will sit on that committee and he or she will have an opportunity to make known his views and the views of his technocrats, as the case may be; and that at the end of the day, it is a discussion that takes place and it is a distillation of the collective wisdom that will inform the policy that the Government pursues at any particular point in time. That is our approach.

We took it one step further. We do not restrict our Cabinet subcommittees to ministers only. We feel that there is something incestuous in that relationship, but we also bring around the table the major technocrats who are involved in the formulation of policy, who sit in a committee together with ministers and members of the Cabinet, and we sit on an equal footing so that nobody pulls rank

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over anybody else in our deliberations, and that technocrats have an opportunity to speak and to express their views in the same way a minister has; and that is the way the PNM does it.

So that the standing committee on energy of the PNM was put together in a slightly different way from the standing committee on energy as put together by the UNC. In their case, there were seven ministers who formed this committee. The technocrats were invited into the room, as they were required, to discuss any particular matter and when their contributions were through they were asked to leave and the ministers then deliberated and arrived at their own conclusions. That is the way the UNC did it.

The way we do it is that the technocrats are not advisors to the committee, they are an integral part of the decision-making process. [*Desk thumping*] So that when the hon. Member for Couva South got up and seemed to give the impression, as indeed the newspaper erroneously sought to give, that the Permanent Secretary in the Ministry of Energy and Energy Industries was at loggerheads with somebody in a particular way, what the article did not recognize was that the Permanent Secretary is a member of the standing committee on energy and has an opportunity, as all other technocrats involved in the issue at hand, to express a view at that committee and that view is taken into account in the determination of the policy that the government will pursue. It is very different from the way they did it.

The standing committee on energy of this Government comprises the Prime Minister as Chairman. [*Interruption*]

**Mr. Ramnath:** Are you saying that the Permanent Secretary did not say what was attributed to him in the newspaper?

**Hon. P. Manning:** I was coming to that, because yesterday, on the authority of the Minister of Energy and Energy Industries, the Permanent Secretary in that Ministry of Energy and Energy Industries called the Prime Minister specifically to say that the report in the article that has been quoted by the Member for Couva South was entirely incorrect and that, indeed, he never spoke to any member of the media. [*Interruption*] Of course. Is that unusual?

He went further to say that he had issued a circular to members and to his technocrats in the Ministry of Energy and Energy Industries reminding them that if they were to interface with the media they needed authority to do so; that is the public service. I am not surprised and I sympathize with the distinguished Member for Couva South in the conclusions to which he came, because his

conclusions were informed, not by fact, but on the basis of sensational newspapers reporting. I sympathize with him. It is wrong; it is incorrect.

In the standing committee on energy, the Ministers involved are: the Prime Minister as Chairman; the Minister of Planning and Development, the Member for Diego Martin West; the Minister of Energy and Energy Industries, of course, the Member for Port of Spain South; the Member for Ortoire/Mayaro, the Minister of Works and Transport; Sen. Rennie Dumas, the Minister of Public Utilities and the Environment; the Minister in the Ministry of Finance and Minister of Trade and Industry, Mr. Kenneth Valley; the Minister of Public Administration and Information, Dr. Lenny Saith; the Chief Secretary of the Tobago House of Assembly and the Minister in the Ministry of Finance, Mr. Conrad Enil.

Mr. Speaker, do you see how many Ministers and politicians are involved? The committee comprises the Permanent Secretary in the Ministry of Energy and Energy Industries and about four of the technocrats, the Director of Energy Planning, the Chief Technical Officer and some of the junior people because, in addition, the technical people sitting as technocrats on the committee, also provide the secretariat and we insist that junior officers in the Ministry of Energy and Energy Industries sit on that committee so that they can be exposed to the process and the experience of many of the other people who have had a very long and wide experience in the energy sector.

On that committee also sits the Chairman of the National Gas Company and the Chief Executive Officer, that is Mr. Keith Awon and Mr. Frank Lookin; the Chairman of Petrotrin, Mr. Malcolm Jones; the Chairman of the Trinidad and Tobago Electricity Commission, Mr. Dev Ramlal and its Chief Executive Officer, Mr. Dennis Singh; a representative of the Solicitor General, the Deputy Solicitor General; the advisor to the Minister of Energy and Energy Industries, Mr. Barry Barnes; Prof. Ken Julien; Mr. John Andrews, who is there in an advisory capacity. [*Crosstalk*] He is an advisor and is invited to attend meetings when matters relevant to him, and on which he can contribute, are being discussed. He does not sit on a regular basis.

There are others on the committee, Mr. Speaker, TAG, the technical advisory group and Mr. Claude Leon. [*Crosstalk*] There are 25 people on the committee. The other side will tell you that a committee of 25 is unworkable; the PNM does not say that. What the PNM says is that you bring all the expertise around one table so that when you sit to discuss, all shades of opinions are brought into the issue that is being discussed. [*Desk thumping*]

**Mr. Speaker:** The sitting of the House is suspended.

**4.31 p.m.:** *Sitting suspended.*

**5.03 p.m.:** *Sitting resumed.*

**The Prime Minister and Minister of Finance (Hon. Patrick Manning):** Mr. Speaker, when we took the tea adjournment, we were discussing the structure of subcommittees of the Cabinet, with particular reference to the Standing Committee on Energy and, we were pointing out that it comprised a significant number of Ministers including the Chief Secretary of the Tobago House of Assembly; a significant number of technocrats from the Ministry of Energy and Energy Industries, all the senior ones; Chairmen and Chief Executive Officers of certain other public utilities and State Enterprises; prior governmental agencies; and individuals whose contribution we value in the determination of Government's policy in the energy sector.

We concluded that the committee comprised 25 persons, and even though there are those among us who will say that such a committee is unworkable because it is large, our experience is that it works quite well and it brings all the expertise required for the decision-making and matters in the energy sector around the same table. So that when we arrive at conclusions, they are not the views of this individual or that one, but ideas are put on the table and these ideas are subject to the scrutiny of all persons who sit around that table, and I assure you that the discussions and debates around that table are very lively.

Mr. Speaker, one of the highlights of my own political career is my enjoyment of meetings of the Standing Committee on Energy between 1991 and 1995. We have replicated it and, among other things, it has given Trinidad and Tobago the reputation for quick decision-making in the energy sector.

When, for example, we say that LNG in other countries—and I do not want to identify any particular country—the decision to go the LNG route takes about 15 years minimum from conception to first gas, in the case of Trinidad and Tobago, it took six and one half years, and, part of the reason for that was the structure of the internal processes that the Standing Committee on Energy used where decisions are made quickly.

When, for example, we could have boasted in 1995—well by 1997 there were seven plants under construction in the country. We were able to do that because of the reputation we gained from quick decision-making—what that means to investors in terms of savings and, therefore, what it means to Trinidad and Tobago as a preferred destination for the investment dollars that they have to put out.

So, Mr. Speaker, when the Member for Couva South talks about the Prime Minister negotiating with Exxon, nothing could be further from the truth. Or that it was the position of the Prime Minister versus the technocrats in the Ministry of Energy and Energy Industries, again, the decision that was arrived at was not necessarily the view of “A”, “B”, “C” or “D”, the views were put on the table. I can tell you that when the Permanent Secretary in the Ministry of Energy and Energy Industries called me yesterday at the instance of the Minister, he indicated to me that the views of the technocrats in the Ministry of Energy and Energy Industries are now in consonance with the views of the Government as a consequence of the discussions that took place on this matter.

In other words, even if at the beginning of the day we started off in a position where the technocrats may have held one view and individuals may have held another view, after the very widespread discussions that took place on this matter, we arrived at the same mind and that is the important point and, therefore, the Member for Couva South was entirely incorrect. That is how we do it. That is the only way we know it. We know that you cannot have everybody being of the same view, people have different shades of opinion and as you discuss, what you seek to do is justify the point of view that you are adopting, hoping in so doing to convince your colleagues, or alternatively if your colleagues are able to come to you with arguments that are stronger than yours, then you are appropriately persuaded by the arguments that they bring forward.

That is how this Government operates. It is not the Prime Minister dictating to anybody, we do not operate like that, and any of the Ministers here will tell you it is not just the subcommittees of the Cabinet, the Cabinet itself is operated in that way. It is true democracy among us, and it is not a question of “A” dictating to “B”, “C” or “D”, but that we sit around a table and it is the clash of ideas that takes place around that table that informs the policy of the Government of Trinidad and Tobago. [*Desk thumping*]

Mr. Speaker, that is why the PNM’s policy is superior to the UNC’s policy in the way it is formulated. That is why it is very unlikely—the one thing we do not encourage in our Government is unilateral decision-making on policy matters. We do not encourage that because experience has taught us that you are more likely to make major mistakes when you take decisions unilaterally than if there is the collective wisdom that is brought to bear on that process, and we learn from it. Therefore, we adjust our approach appropriately, so that the Member for Couva South is advised that the position adopted by the Government of Trinidad and Tobago on the ExxonMobil matter is not the position of the Prime Minister, Mr.

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Speaker, it is the position of the Government of Trinidad and Tobago of which the Prime Minister is a proud part. [*Desk thumping*]

I take it one step further to say that Standing Committees of the Cabinet are advisory to the Cabinet, they have no power to make any decisions. So that we discuss matters around the table and when we come to a conclusion it is advanced to the Cabinet, and the Cabinet then decides on the basis of the arguments that are brought forward whether it is going to share the view advanced by the committee, or if it will be of a different view. So that the position adopted by the Government of Trinidad and Tobago on the ExxonMobil matter was a Cabinet decision and, therefore, reflective of the views of the Government of Trinidad and Tobago, and I am very proud of that process.

It is a similar process that operates within the PNM itself. That is why the PNM is strong and that is why it is able to survive whatever political wind may blow from time to time, and, when these winds huff and puff and blow down houses that are built on shifting sand, in the case of the PNM, the fact that we are structured on solid rock becomes evident by our ability to survive. [*Desk thumping*] As in the party, so it is in the Government.

Mr. Speaker, what was the position with ExxonMobil? As Chairman of the Standing Committee in the energy sector, the companies come to Trinidad and Tobago from time to time and seek to interface with all the Ministers whom they consider critical in the decision-making process that affects them. That is what they do. So they meet with the Ministry of Energy and Energy Industries, they would meet with the Minister of Finance with responsibility for State Enterprises, the Prime Minister and other Ministers as they consider appropriate. This is not unusual for companies to be meeting with various Ministers and, therefore, if ExxonMobil came and spoke with the Prime Minister, there is nothing unusual with that. It is a standard practice and procedure.

It is one of the checks and balances that we have in our own Government that ensures that all of us remain honest. So the Prime Minister does not meet with anybody alone. They would talk with whomever they have to talk, and the Prime Minister is not going to take any decision like that. The Prime Minister subjects himself and his own views to the scrutiny of his colleagues, and he is pleased to do it. It is not imposed on him. I am pleased to do it, Mr. Speaker, because I pride myself in being able to justify whatever position I adopt and if I cannot justify it, then it is not worth adopting. [*Desk thumping*] If my colleagues are able to advance a point of view and an argument that is stronger than mine and convincing to me, then that is my new position and it happens all the time.

It is the process, it is a very fundamental point and that is why the PNM is the way it is and that is why the Government operates the way it does. Initially, I thought that the UNC would have adopted some of those things, but of course they had their own views.

What were the considerations in the matter with ExxonMobil? I do not want to deal with the complete issue because I dealt with it on Tuesday night at the airport, I dealt with it after the Cabinet meeting yesterday, and this morning the Ministry of Energy and Energy Industries together with the Chairman of Petrotrin, Mr. Malcolm Jones, held a press conference where they dealt comprehensively with the matter before the national community and subjected themselves to the scrutiny of the media. They had a PowerPoint presentation that was professionally done, and in fact, I would like to congratulate and compliment the Ministry of Energy and Energy Industries for the matter. [*Desk thumping*]

Mr. Speaker, we have a vision and that is the *raison d'être* of the PNM's operation. Our vision is to make Trinidad and Tobago a developed country by the year 2020. [*Interruption*] You can say what you want, that is the vision of the PNM, you either agree or you do not agree with it. That is all. There is no argument. I am sure that in his quieter moments, and his more sober moments, even the Member for Chaguanas will agree that the vision to make Trinidad and Tobago a developed country by the year 2020 is a very noble and worthy objective. I am sure the Member for Couva South will agree, even if he would not say so publicly, the Member for St. Joseph, I am sure, would agree, the Member for Caroni East will agree, I am sure. So what is wrong with the Member for Chaguanas? I am saying that all of us can agree on that, it does not matter which political persuasion we follow. All of us can agree and the Government is saying that if we agree on that, we know it is a challenge; it is not easily achievable. We know that, and, therefore, we also know that it calls for very innovative thinking in the way we conduct our affairs if that objective is to be realized in the time frame that we have set.

What do we do, Mr. Speaker? We take a decision that all the major international companies that are operating in Trinidad and Tobago would be the subject of discussion with the Government of Trinidad and Tobago indicating to them this is our objective, what role do you see yourself playing in the developmental plans of Trinidad and Tobago. That is the decision we took. In that context, we spoke with British Gas, British Petroleum, we spoke with all the foreign companies in the energy sector including ExxonMobil and that company was not the first one to whom we spoke. In fact, they might very well have been the last, because we only

spoke with them when they came to pay a courtesy call on us and we raised the issue, as indeed we raised with the other energy sector companies and transnational corporations operating in Trinidad and Tobago.

Why did we do that? We did it because we recognized that these companies invest a large amount of money in research and development and they do a lot of business around the world and also in Trinidad and Tobago and they are in a position to deepen our process in terms of local content in the conduct of our petroleum affairs, and/or to introduce to Trinidad and Tobago, if they are so minded, new technologies which are not yet commercialized, but which they would want to commercialize on the basis of their normal business operations. That is why we talked with them. It is nothing improper to suggest—

**Mr. Ramnath:** Are you saying the meeting at which the matter concerning the failure to conform to the contract with respect to drilling was arranged by yourself? Or the matter was raised at the meeting that you organized, or was it a separate meeting?

**Hon. P. Manning:** Mr. Speaker, ExxonMobil had been in discussions with the Ministry of Energy and Energy Industries, so all of us knew that ExxonMobil was looking for a different approach to the resolution of that issue. We all knew that, so when they came to me, we raised the question in the context of that knowledge. We could have easily told ExxonMobil as was being suggested that: “You committed yourself to drill seven wells and you drilled four. There is a penalty for not drilling the rest of the wells, pay your penalty and go.”

There is a second side to it, Mr. Speaker, which has not been spoken about. The commitment was not just a work commitment, it was a financial expenditure commitment also and the financial expenditure was virtually realized. That is a point that has not been made in all of this, so there was room for all kinds of arguments. I do not want to complicate the matter, all I want to say is that the Government saw an opportunity, which it tried to utilize in the interest of its developmental objective. That is what we saw.

**Mr. Ramnath:** ...*[Inaudible]* Had they been allowed to drill the other two wells that were requested?

**Hon. P. Manning:** It was close, Mr. Speaker, and the Minister of Energy and Energy Industries, I am sure, would give the figures as he did this morning. I do not want to go into any details. He has them all there. The figures were relatively close.

At the end of the day you said okay, so ExxonMobil is being told to pay whatever the penalty was. How does that really affect our governmental objectives?



Mr. Speaker, we project an increase in oil production in this country that when that oil discovery on the East Coast is brought on stream, it increases your production by 85,000 barrels per day when it is fully developed, and our gas production is going up and up. Trains 1 and 2 are already on stream, Train 3 is coming and we are negotiating Trains 4 and 5.

In other words, we do not see the problems of Trinidad and Tobago at this time in terms of dollars and cents. You could have all the money you want, yet you do not achieve your objectives because there are important aspects of know-how and technology to which you do not have access, and which might be an essential part of your developmental process; it is to that we were addressing our attention.

So we talked with ExxonMobil. It was not money; that was the least of our concerns. It is how can we utilize a situation that confronts us, and how can we utilize that opportunity to achieve our objective of making Trinidad and Tobago a developed society by 2020? That is why we talked. There is nothing sinister about it. In the Standing Committee on Energy we discussed this matter, we came to a decision and we proceeded. There is nothing sinister at all.

Mr. Speaker, when you govern a country—and you see governance—it is not all aspects of governance that can be treated in terms of black and white. There are shades of grey and I am sure, especially a former Minister of Finance, the Member for St. Joseph will know, and equally I am sure the Member for Couva South knows it. He has been sufficiently exposed. I cannot talk for the Member for Chaguanas, I do not know what he knows, if he knows anything at all, the way he behaves in this honourable House.

In the final analysis therefore, ExxonMobil, the largest oil company in the world operating in Trinidad and Tobago, a company with tremendous technology and financial resources; the Government of Trinidad and Tobago with a developmental objective, talking to ExxonMobil to see how they can be of assistance to us in realizing the objectives that we set for ourselves. The vision that some scoff at, Mr. Speaker, was tacitly approved by 307,000 persons in Trinidad and Tobago [*Desk thumping*] a little more than those to whom reference was made by the hon. Member for Couva South.

Secondly, Mr. Speaker, our manifesto—and we have been saying it for some time now—has been making reference to our determination to engage in consultation with Members of the Opposition on the determination of energy policy. Our view is that energy policy is too important to this country to be politicized and one thing we must avoid in the national interest is that as government in this

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country changes, you get a change in energy policy. If that should happen, as it has happened, what it does is create a break in the investment portfolio and profile of the country and we find that things go down, and before they come back up government has to adjust. It introduces a measure of uncertainty, which is not good for one's investment climate, and it is that we were seeking to treat with, so we were saying consultation since 1991. In Venezuela they have that. One of the things we can learn from the Venezuelans is that. We went further to say that we were prepared to engage in those discussions with the Opposition and to put something in place and if it was found to be workable, it would be given a parliamentary complexion.

Mr. Speaker, we hold to it and our debate this afternoon underscores the need for that approach. To his credit, and to the credit of the leader, the Chief Whip, the Member for Caroni East—the Member for Caroni East, and the Member for Couva South approached the Prime Minister and the Leader of Government business two weeks ago on this matter and we have agreed that we are going to pursue it. We are going to approach them very shortly with proposals to put it in place. In the most rudimentary form, some Members of the Opposition meet with some Members of the Government and we sit, discuss and invite technocrats to make presentations to us so that we could have broad agreement on energy policy.

Mr. Speaker, it does not mean that every decision that has to be taken in the Ministry of Energy and Energy Industries must be the subject of this process. We are looking for broad policy approval so that if the Government changes, there will be no change of energy policy in Trinidad and Tobago. That is what we are doing. I give the hon. Member for Couva South and Members opposite the assurance—speaking on behalf of the Government—that we will approach them very shortly with proposals in this regard. We hope, and we feel very confident that it is going to lead to very stimulating discussions. Even if I did not agree with all that the Member for Couva South was saying, I must say I enjoyed his contribution. That is what the Parliament is all about. That is the kind of thing for which I have longed and I must say that the Member for Couva South has much that he can teach his colleagues, especially the very distinguished Member for Chaguanas. [*Desk thumping*]

Mr. Speaker, when the Member for Couva South says that we must have a natural gas policy, he is right. He is absolutely right—a clearly enunciated natural gas policy, but it exists. What does not exist is a natural gas law. It is the law that is required and that is one of the items we have on the agenda and in formulating—well the policy that would form the law—we would talk with the

Opposition and try to arrive at some kind of arrangement. I need not go into any further detail on it.

When we were in Opposition between 1987 and 1990, we were absolutely appalled when war broke out in the Middle East. The oil price shot up in the air, this was when Iraq invaded Kuwait. We begged the then Minister of Finance, Mr. Selby Wilson, we implored him, we exhorted him, we used everything at our disposal to suggest to him that the high oil prices prevailing at the time represented a windfall for the companies that were involved in the energy sector. That he should move forthwith to amend the petroleum tax legislation to ensure that Trinidad and Tobago got an equitable share of the enhanced windfall revenues that were now the subject of which the oil companies were now the beneficiaries.

Mr. Speaker, he did not take us on. The records would show that when we got into office in 1991, one of the first things we did was to address the petroleum tax legislation and, therefore, by the end of the year we put new legislation in place, which, among other things, put a mechanism that would deal with windfall profits. So that if some political development should take place that leads to increased oil prices again, it will not be the oil companies getting the lion's share and Trinidad and Tobago eating the crumbs that fall from the master's table, but that Trinidad and Tobago in return for the exploitation of a valued and diminishing natural resource will get a return in special circumstances that recognize how valuable that resource is for the people of the country. So we did it and every time the oil prices dropped—and it has dropped several times between then—we could have afforded to sit back because we knew that the oil companies were not going to get away with the things they got away with in 1990, but our citizens would benefit to a far greater extent than would have been the case.

Mr. Speaker, as we got into office on this occasion, one of the first things we looked at was—we recognized there is a World Bank Report, and I think the Member for St. Joseph will know it. The report talks about the incentives that are given in the energy sector and the World Bank suggests that they need to be reviewed. To the credit of the Member for St. Joseph, we did meet in place a committee that was looking at petroleum tax. We met that in place and we allowed that to operate for a time but we have now made new arrangements. We have widened the reach of that committee and we are indeed in the preliminary stages of discussions with the oil companies for the introduction of a new system of petroleum taxation in Trinidad and Tobago. So my friend from Couva South need not worry about it. I can advise that when our deliberations are completed, they are going to translate into legislation which would come before this honourable

House and, which of course, would be subject to the cut and thrust and to the debate for which this House is known.

I do not propose to deal with all the matters which the Member for Couva South raised. There are others who will deal with some of them, but I am just trying to deal with the matters as they relate to the Prime Minister, or the Minister of Finance. With the LNG net-back pricing, I think the Member knows that when you are dealing with multilateral corporations and when you are dealing with the petroleum business, there is no royal road. It is not to say that this is the structure that is applicable in every circumstance, but as a business opportunity comes up, the companies make proposals to the Government and, on the basis of negotiation and approval, we arrive at something that is acceptable.

Trains 1, 2 and 3 were negotiated as a package in the first instance. The companies, recognizing how touch-and-go the profitability of that project might have been, sharpened their pencils and put their best foot forward so that those arrangements were lean and mean, there was no fat in it. The Government of Trinidad and Tobago would get significant revenue on Trains 2 and 3, Train 1 had concessions on it. When it came to Train 4, the companies began to adapt a different position. They were now comfortable with the fact that LNG was here to stay, they can do it and they have done it and, therefore, they were now looking to see how they could maximize their revenues from it. That was their objective. Therefore, the proposal that they put for Train 4 is very different from the proposals that they advanced for Trains 1, 2 and 3, so it was not a straight case of net-back pricing at all. They put a structure in place in respect of which there is not any agreement, but one that raised some concerns in the minds of the Government. We discussed it at length at the Standing Committee on Energy and we felt that it was not in our interest.

More than that, there are other issues such as the capital cost of the plant, and this determines the plant's profitability and, therefore, the Government's take to some extent. If it is structured in such a way that the capital cost of the plant goes sky high, then you reduce proportionately the Government's return from that investment. All we are saying is that the proposal they put to us was one with which we did not agree and, in fact, we felt so strongly about it that I took the opportunity on the occasion of the commissioning of the new offices of British Gas to make a public statement on it. I do not want to say anymore except to reaffirm as we have said, that we are not going to conduct these negotiations in the full glare of public scrutiny, but we have said what we have to say and would continue our discussions with the companies very quietly. Our objective is to get

for the people of Trinidad and Tobago the maximum benefits from the development of a wasting natural resource—natural gas.

Mr. Speaker, I was not so sure that I heard right when I heard the Member for Couva South talk about the need to televise Parliament and I recall a time, when in this honourable House, there were three Members of the PNM sitting in Opposition. The year was 1987. I think the very distinguished Member for Couva South was then Minister of Energy and Energy Based Industries before, as he puts it, his unceremonious dismissal—we did not know about that, we now know. The NAR, in a very patronizing way, felt that the Opposition was weak, decimated, and a certain gentleman whose name I would not call told me in Parliament one day, after they beat me for about hours, the gentleman got up and said: “I understand that you have been elected political leader, I suppose I must congratulate you, but may I ask political leader of what?” It was the view of the NAR that the PNM was dead and that informed the way they conducted their business. [*Interruption*] No, no, I am sorry it is not possible. Our structure and internal processes prevent that.

Mr. Speaker, it was the view of the NAR at the time, that since the PNM was dead, they could afford to patronize the PNM and make confessions to us. They also had the view that they were superior in intellectual content. Am I correct? That they had the finest minds and so on. Do you remember that? One gentleman described it as “an embarrassment of riches” in talking about the intellectual content of the government at the time. I am not dealing with the personality here, I am dealing with the issues. That demonstrated how they saw us so they could patronize us, so one of the things they did was to televise debates in Parliament.

Mr. Speaker, they got beaten on the Appropriation Bill so badly by three persons on the other side, not to mention what happened in the Senate. They got one set of licks on the Appropriation Bill, which was the first to come before the Parliament. The second one was the Drug Report and after they were firmly beaten for the second time, then they began to realize that they may have had no monopoly. The third debate that was televised was the Integrity in Public Life Act and when we were gearing up for the Prevention of Corruption Bill, without any warning, they stopped the live broadcast of debates in this Parliament. Regrettably, the Member for Couva South at the time was a proud and integral part of the government that took that decision. Therefore, when he came this afternoon and raised the question on televising debates in Parliament, I began to wonder and I almost asked myself: “Kelvin is that you?” [*Laughter*]

I can tell him that we take no such position in relation to the Members opposite. We recognize that you all are not entirely devoid of intellectual

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content—[*Interruption*] The Member for Chaguanas notwithstanding, that is right. Times have changed in this country and more and more you are getting a view from the population that they must be involved to a far greater extent in the matters that affect them. More than that, they must have some say and some accountability to those who elected them to office for the business that they conduct on behalf of the national community.

The PNM has absolutely no objection to televising the debates of Parliament, and, as the Member for Couva South says we can take it up at the appropriate committee. May I point out that there are several models of this and there must be appropriate safeguards put in place at the time such a decision is taken to avoid the abuse of Parliament and the abuse of Members of Parliament. That is the risk. Other jurisdictions have done it and we have seen where that has led.

**Mr. Speaker:** Hon. Members, the speaking time of the hon. Prime Minister has expired.

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

*Question put and agreed to.*

**Hon. P. Manning:** Mr. Speaker, I thank my colleague, the Member for Diego Martin West, and all my colleagues in the Parliament for their generosity in extending my time.

The final matter with which I would like to treat very briefly is the role of the Ministry of Energy and Energy Industries in the energy sector and I must say that the view expressed by the Member for Couva South is one that I have not heard for a long time and that is, that the regulatory function of the ministry must be separated from its policy-making role. Energy planning must be separate and distinct from regulating the industry. Much could be said on it. The way our Government is structured—and I can tell you over time that different leaders of the PNM have done it in different ways.

Under the leadership of Mr. George Chambers, we had the Ministry of Energy and Natural Resources and a Ministry of State Enterprises, that was how it was organized. Indeed, in that model the Ministry of Energy and Natural Resources was responsible for the regulatory function, and the technical aspects of the operation of the petroleum industry, whereas the Ministry of State Enterprises was responsible for, virtually, the operation of the State Enterprises. In the model in which we operate today, which has its genesis in an earlier model, we have the Ministry of Energy and Energy Industries and a portfolio in the Ministry of

Finance that deals with Government investments. The Minister in the Ministry of Finance, Mr. Valley, is responsible for that portfolio and the Minister of Energy and Energy Industries, Mr. Eric Williams, is responsible for the portfolio of the Ministry of Energy and Energy Industries.

Essentially, and while it is something that still has to be streamlined to a greater extent than it is now, the separation we make is technical and corporate. The Ministry of Energy and Energy Industries deals with the technical issues in the industry and also, the Minister of Energy and Energy Industries is the line Minister for the operation of the state enterprises in that sector. The Ministry of Finance deals with the corporate aspects of the operation of the companies: If a Board of Directors has to be appointed, the capitalization of the company, its financing and so on are the responsibility of the Minister of Finance, while the operation of the company on a day-to-day basis is a matter for the Minister of Energy and Energy Industries.

When I say on a day-to-day basis, I do not wish to be misunderstood. We do not interfere with these companies. One of the things that we recognize is the sanctity of the Board of Directors, so we do not select a president for Petrotrin, we select an Executive Chairman, which the Government is authorized to do. The Board of Directors will decide what arrangements it will make for the operations of the company, and, if the Government as shareholder is not satisfied with the operations of the company over time and the arrangement that the board makes, the Government always has available to it the instrument of appointing a new board and that is how it works. The Minister under the law can give general or specific directions to the board or chairman of the company and it is done from time to time. One does not interfere.

Mr. Speaker, one of the errors that the UNC made—we call it an error, it may not be that at all, it was deliberately done—and especially in that company Petrotrin, as my good friend from Couva South well knows, is that they did not only interfere with the board, but in the management of the company down to various levels. That is what they did. At the top level they put in their people, when they were complete with that, they went to the level below and the level below. They went to about four levels of that company and, in fact, it is clear to me that what they intended to do with Petrotrin was to put their people at every level in the company. I do not want to tell you what effect that had because I do not want this debate to turn acrimonious this afternoon. We have been debating in a very good spirit and I would like it to stay that way, suffice it to say, it had some very unpleasant undertones in that approach and it is an approach that the PNM is

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determined to reverse. Those things cannot be allowed to happen and we are going to ensure that in state enterprises, as long as we are in governance, there is going to be equity in the conduct of our affairs and more than that, there is going to be equality of opportunity for all. [*Desk thumping*]

Mr. Speaker, lest I be accused and properly so, of forgetting that we are debating the Finance Act, 2002, may I say it was a pleasure for us to have presented a budget to Parliament very shortly after we were elected to office. In fact, within two weeks a budget was presented. The measure that is before the Parliament today, the Finance Act, seeks to give legislative approval to the measures announced in the budget and which have already been the subject of deliberations by Members of this honourable House. What we are seeking to do is keep faith with the laws of our country, and with our population giving effect to the measures that we have announced on their behalf.

When we said, for example, that we are going to drop the top marginal rate of income tax by 5 per cent points and the corporation tax bracket by 5 per cent points, this legislation seeks to give effect to that, not only to ease the burden of certain segments of our population, but to make more money available for investments to improve the investment climate of the country which, as you know, leads hopefully to additional investments and, therefore, to additional job creation.

Unemployment in Trinidad and Tobago is still at levels that are unacceptable to us. Our objective is full employment, which in the current scenario means an unemployment rate of about 5 per cent points. Just as the hon. Member for Couva South has read from his own manifesto, I think we published our manifesto a little too early. We indicated that not only would we drop it by 5 per cent points now, but as soon as that bites, we are going to drop it by 5 per cent points more and our stated objective is to seek to go to a 20 per cent tax rate in the first instance. That is where we are heading. Simplified tax structure, 20 per cent tax rate, that was going to make Trinidad and Tobago stand out in the region and bring us that much closer to achieving the objective of making Trinidad and Tobago the business and financial centre of the region, but above all to making Trinidad and Tobago a developed society to which we all aspire.

Thank you.

**Mr. Gerald Yetming** (*St. Joseph*): Mr. Speaker, before I get to the substance of the debate, I want to deal with an issue of credibility and I beg your leave to make reference to a contribution in this House the last time I spoke. At that time, the Member for Diego Martin West was on his feet and he made reference to



those on the other side who were public officials who do not take their assignments seriously and he went on to say, in reference to my comments on the debt stock of the country, that I pulled bogus figures out of the air that had nothing to do with the official figures of the Ministry of Finance, and his colleague, the Member for Diego Martin East, supported him.

I take my assignments very seriously and I do not ever pull bogus figures out of the air and any number that I call would be credible. The numbers I quoted were numbers that I received from within the Ministry of Finance from a document that was used in discussion within the Ministry of Finance. I would go further to say that the Member for Diego Martin West got up in his usual pious approach, tone, and attitude to say that when a Minister of Government—meaning on that side—gets up to speak to this country the whole country could take whatever they say as fact and whatever they say would be the truth.

This pious approach that particular Member takes on every occasion is becoming a bit nauseating. I do not know how he felt—and I would raise this point again—when the Member for Diego Martin East went before a Commission of Enquiry and had to be challenged on a number of occasions on matters that he raised under oath. How he felt when two Ministers of Government: the Minister in the Ministry of Finance on the Hindu Credit Union matter and the Minister, I believe, of Labour and Cooperatives both publicly claimed that the Hindu Credit Union was under some type of investigation and it was the Prime Minister subsequently who came out to say that the Hindu Credit Union was not under investigation? How he felt? Who was speaking the truth?

How could he have gotten up in Parliament to raise Dr. Marjorie Thorpe's name as a candidate for Speaker, when the same Dr. Marjorie Thorpe had called and told him not to submit her name? When he was asked whether he had consent, claimed in this Parliament that he had—how does he feel?

Mr. Speaker, there is a particular matter that the hon. Prime Minister should know about. BHP, a foreign company operating in Trinidad and Tobago, put out a Request for Proposal (RFP) for office space of 60,000 square feet; ten developers responded to that RFP. One developer connected to a Minister in Government was given a substantial monetary advantage when Town and Country Planning Division gave approval for office space to land ratio of two-to-one as against the normal in the particular area of Port of Spain of one-to-one, meaning that any developer putting out or bidding for this 60,000 square feet of space would have had to acquire 60,000 square feet of land space to achieve Town and Country's

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standard of one-to-one. One developer was given a two-to-one ratio, meaning that developer only needed to have acquired 30,000 square feet of space giving him a substantial monetary advantage in that RFP. I think the Member for Diego Martin West, who is responsible for Town and Country Planning Division, should explain what he did in giving direction to the division to give this extraordinary special treatment to this one developer who is connected to another member of Government and I wish that the Prime Minister would take note.

The point I am making is that he cannot come to this House with this pious approach and talk as if he is an angel and speak as if the other side are a bunch of angels and be engaged in actions that can be considered to be quite questionable. The question is what did he receive for it? How does he sit in Cabinet with a Minister of Government who was charged for misappropriating money, who was the subject of a due diligence forensic examination by KPMG, whose exit from the company had to be handled by Fitzwilliam Stone and Alcazar on behalf of the credit union and he knows about it? How could he sit in Cabinet and deal with that then come to the House and talk as if he is a priest? How could he in his contribution talk about—and I will quote the Member for Diego Martin West. He says:

“...you would see that this year the PSIP is under a billion dollars. We are being realistic. This is what we think we can handle. The last budget had \$1.3 billion. We did not see it fit to come and fool the country with a \$1.5 billion Public Sector Investment Programme...”

The Member for San Fernando East, the Prime Minister and Minister of Finance said in his winding up. I quote:

“The development programme, therefore, and the implementation of the development programme will be done, not purely on the basis of \$907 million allocated in the Public Sector Investment Programme, the development programme, but there is going to be a development programme in the country that is also based on Letters of Comfort, albeit in a restricted sense...”

So, on one hand he tells us we must believe whatever he says and later his leader contradicts him completely. I think part of the problem of this pious approach is that in aspiring to leadership, the Member recognizes that his leader is due to be ordained priest and I think he wishes to be Pope. So this pious Pope or maybe Pope Pious wants to have an edge in this leadership race about which we are hearing.

We have a leader in this country, in the politics, we have a leader without a patty and for the benefit of the Hansard Reporter, “patty” is spelt p-a-t-t-y in

accord with the note that was exchanged in Parliament and intercepted by B. C. Pires. We have a leader of this party requesting a successor to be found and we have another leader on the Government side being conspired and plotted against for the leadership race that is coming on. The leader of that conspiracy is the Member for Diego Martin West. He knows what I am talking about, because he was party to it before and I would tell the Member for San Fernando East that when he surrounds himself with these three men from Diego Martin, that he be very careful.

*Hon. C. Imbert rises.*

**Mr. Speaker:** You have to rise on a point of order.

**Mr. Imbert:** Mr. Speaker, Standing Order 36, the Member is imputing improper motives to the Member for Diego Martin East. He has all his constituencies wrong. [*Interruption*]

**Mr. G. Yetming:** Mr. Speaker, with respect to the Bill before us, I want to make some points because I think that the Government may want to consider some of the provisions of the Bill before us before we get to committee stage. I will touch on them very quickly so that they can consider whether some amendments might be required in the language.

The first point I want to make, which has nothing to do with the Bill before us, is that VAT on services performed outside of Trinidad and Tobago does not appear to be covered in what we have before us. The Minister did make an announcement on VAT on services performed outside of Trinidad and Tobago. If he has changed his mind, then I think that in piloting this Bill, maybe he ought to have said so.

**6.00 p.m.**

But under clause 2(d) for the signage on tobacco and alcohol where it says under 26A. (1) that each vendor should have displayed in bold upper case characters, "legible from any part of the premises", I think that "legible from any part of the premises" could be a difficult thing to achieve and to have implemented. I want to ask that some consideration be given to refining that, because what you would have is that part of the law not being fully satisfied and people being charged.

Under 4(a), guest-house conversion, I consider the provisions as spelt out to be an administrative nightmare that could cause the Board of Inland Revenue many problems in trying to have this measure implemented.

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Under 4(b), first home ownership allowance, I am not too sure what is intended if you have a joint owner. One who is a first-time home owner and one who is not, how would it apply in that scenario, and whether someone acquiring a second home could not put on a first-time home owner as a party if only to achieve that benefit. The point is, whether there is any devious reason for doing that or not, the question of first-time homeowner in a joint ownership situation, how is that going to be dealt with?

The other point is: How does one prove first-time home ownership? I am not too sure how that is intended to be done but that, again, could prove to be a difficult situation to administer at Inland Revenue. I am not too sure whether it requires some change in the language of the Bill or some administrative process.

Under 5(c), deduction for expenditure of sporting activities and sportsmen, I just want to ask the Government to consider the contribution to organizations such as the Trinidad and Tobago Olympic Committee, the Trinidad and Tobago Cricket Board, the Trinidad and Tobago Football Association, and such similar organizations, because the provision does not provide for contributions to organizations.

Under 5(2), the corporation tax reduction to 30 per cent, I think that two-tiered system is likely to create serious anomalies and areas of dispute, particularly where a company which does not qualify for the reduction of 30 per cent but its business involves other non-exempt matters, whether there could be some area of contention there.

Those are the points I wanted to raise on the Bill. I want to compliment the Government for including under clause 9 the amendment to the Income Tax (In Aid of Industry) Act to apply to all manufacturers and to increase their allowance from 50 to 60 per cent. That, clearly, is a welcome move in the context of the removal of the export allowance. While the Government has included that provision, which I had announced in the 2001 budget; and a number of other measures were included and attempted to be regularized in the Bill before us, I had asked in my contribution on the budget for Government to consider some of the measures that I had announced in that budget for similar treatment: the removal of the 5 per cent tax on savings interest; the increasing of the personal allowance for senior citizens, from \$30,000 to \$36,000; the removal of tax on maintenance allowance, separation allowance and alimony payments; the introduction of tax exemptions and the question of the initial capital allowance of 60 per cent on agricultural projects.

I had announced that we were going to give effect to increasing the interest paid by the Board of Inland Revenue for late refunds to taxpayers, from 4 per cent

to 10 per cent, and I had argued that it is hard to ask taxpayers who are late in making their payments to Inland Revenue to pay a rate of interest of 20 per cent, yet when the Board of Inland Revenue is late in making its refunds to taxpayers, they pay an interest of 4 per cent. I had announced in my budget that I was going to increase that 4 per cent to 10 per cent. I also announced the reduction of the environmental levy, from 0.1 per cent to 0.075 per cent.

I want to ask the Government to reconsider whether those provisions, in addition to those that they have accepted and built into the Bill before us, could not be given some further consideration; because I wonder whether Government should not consider that they have a moral obligation to the people in this country for implementing these measures and, in fact, whether individuals may not have a case for some type of legitimate expectation, because when an individual taxpayer or a company listens to a budget, he does not expect that within one or two months the Government would fall. Therefore, individuals listening to a budget presentation and having it approved by Parliament, would plan their businesses accordingly. So that in this particular case, a rather unique circumstance, the Government was not able to bring the required legislation into place, whether it is not a case in point for somebody to argue legitimate expectation—and I am not too sure what would happen if they ever took the Government to court on the matter. Even if you forget whether the matter would ever go to court, whether the Government should not consider it as having a moral obligation to put some of these measures in place, some of these measures which are going to be extremely beneficial.

A case in point is the removal of the 5 per cent tax on interest income. I do not think that the Government does not accept the fact that we need to do everything we can to encourage savings and investment in the country. It is, in fact, why there was the provision in the budget which we are going to approve today with respect to the \$10,000 allowance for those investing in credit unions. It is a mechanism to make it attractive for individuals wishing to invest in credit unions and cooperatives to get a tax break, to allow them that encouragement.

Therefore, I think it would be entirely consistent with that, that the 5 per cent tax on savings interest be removed. In fact, in talking about savings and investment, I think that the Public Services Association missed an excellent opportunity in concluding negotiations with the Government for the settlement of the arrears of increment when they did not continue to ask for what we had indicated in our discussions with them when we were attempting to conclude the negotiations, when we offered that maybe 40 per cent of the arrears of increment could have been paid to public servants by shares in NEL. I thought that we were

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quite close to getting an agreement from the PSA on the matter and I thought that the PSA, in completing the negotiations with the current Government, missed an opportunity.

One of the things that we had put on the table with the PSA was that 40 per cent of the arrears owed to public servants could have been paid in NEL shares. We were offering to give them the NEL shares at the original IPO price of \$4.00 when, in fact, the shares were trading at about \$4.50 or more at the time on the market. In fact, we hinted that we would have been prepared to offer them not just at \$4.00, but with a 10 per cent discount as was offered to staff of the underlying companies in NEL, which would have meant that if the PSA had pursued that line with the Government and assuming that they could have gotten the Government to agree, public servants would have received 40 per cent of the arrears in NEL shares at a price of \$3.60, and with today's value of \$5.00, with a capital appreciation of 40 per cent within one year.

If it is that the Government was serious, and is serious, about encouraging savings and investment, and if we are concerned about the \$600 million that would be hitting the streets all in one, so to speak, then I thought that that offer, that proposal, would have certainly had a significantly lesser impact of Government's fiscal position. As you know, Clarry Benn of the Unit Trust, when he was talking about the Unit Trust undertaking a programme to assist public servants with handling this windfall that they were going to be receiving, was quoted in the *Business Guardian* of Thursday, November 07 as saying:

“It is a sin to encourage them to utilise the back pay on consumption goods. Many of these public servants are already unit holders but it is a golden opportunity to enhance their investment profile with this windfall.”

I want to talk a little about the Board of Inland Revenue. It is on the initiative of the UNC government that a process was initiated for reform of the Inland Revenue Division, with the assistance of the Internal Revenue Service (IRS) of the United States. The intention in that reform was, and I would believe and hope still is, to improved service to taxpayers, improved compliance, particularly in the area of VAT, because it is perceived that noncompliance in the area of VAT is rampant, and improved compliance, obviously, could lead to the tax reductions that the Government is talking about, where they talk about from 35 to 30, to 25 to 20. That could come not just from additional revenues that we may be getting from oil and gas, but from improved compliance from existing taxpayers.

In that reformed process, at the level of the individual taxpayer, a feature of the budgets of recent years had been a move away from the multitude of

allowances and deductions and the overall simplification of the tax system. That was an objective of the UNC government and had been a feature of the budget of recent years: removal of these deductions and allowances so that when one had to do a tax return, it was a very simple matter and not complicated by a host of issues; but simplifying it also meant that the work required at Inland Revenue to handle the tax returns would have been reduced substantially. In fact, by that process, tens of thousands of taxpayers who are salaried people do not have to submit tax returns now. The intention there was that you would have relieved a lot of staff at Inland Revenue so that they could be diverted into other areas to ensure compliance.

I only raised this in the context of the two features of the Bill before us, which is the \$10,000 for credit union shares and the \$10,000 for home ownership, and then, of course, you have the matter of the guesthouse. I am seeing a complex return; I am seeing a return to a situation where Inland Revenue is going to have difficulty in reviewing these returns.

**Mr. Manning:** Mr. Speaker, we appreciate what the Member for St. Joseph is saying. There is another school of thought which says that, as you simplify it, you retain the three or four areas of national priorities for development that you have established. So you end up with a simple system but you still have concessions in three or four areas.

**Mr. G. Yetming:** I accept the explanation from the Prime Minister and Minister of Finance. I simply wanted to say that I hope that what we are not seeing is an undoing of a process that we had started and which, I think, would be beneficial for this country.

In the case of VAT, I want to urge the Government in its reform, in its attention that they would pay to Inland Revenue, to continue what I thought we had started, and that is the whole question of VAT compliance, and the simplification of the personal tax, was that it freed the staff. In trying to maximize on compliance, and if there is any truth to the general belief that there are many losses by the Government on VAT, then I think the time has come, after 10 years of VAT, for Government to consider a review of the rate of VAT.

When VAT was introduced at 15 per cent, there was a school of thought that after VAT had settled, that based on the revenue streams from VAT, it might have been possible to reduce the rate of VAT. I want to urge the Government to undertake a review because VAT has been introduced 10 years ago. The Government has to find a balance, in my view, between the substantial reduction

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in personal tax rate and a reduction in VAT; because a reduction in the personal tax rate—I am not dealing with the corporation tax—does not benefit the poor.

Therefore, we must find a balance between reducing the personal rate of tax further to a reduction in the VAT rate. You may want to also consider reviewing the number of exemption items, and so on, because, to me, that is also growing. I was guilty of it, too, when I increased a number of exemption items, only because I needed to have done, in that year's budget, something to reach the poor.

I would like to urge the Government to put a team together to undertake a review for that purpose and to find a balance between further reduction in the personal tax rate, as distinct from a reduction in the VAT rate which, as I said, could benefit the poor.

An area of concern in the case of VAT, clearly is—and I believe the Member for Diego Martin Central made some passing reference to it in crosstalk—the question of the refunds. We have been told that the refunds outstanding on VAT are somewhere close to \$1 billion. The manufacturers—and I believe the Member for Diego Martin Central was particularly concerned about that; he certainly expressed the view anyway—I again want to urge the Government to take a proper look at that and do what it can with respect to VAT refunds.

The other thing with the VAT refunds is the fact that Inland Revenue does not pay interest on those refunds as a matter of course as they are required to do. In fact, it is left up to the company to apply for it and many companies simply do not do it. I think that Government should insist that Inland Revenue, in the normal course of their activities, pay the interest. I believe the interest is 4 per cent and the comment I made earlier on the 10 per cent part of it would also apply to that.

I think we should also compliment the Government on the announcement that I read this morning which came out of the post-Cabinet briefing, that the insurance companies and pension plans would be put under the supervision of the Central Bank. That project was undertaken in the year 2000 with grant funding from the IDB. I believe the consultants that were originally engaged by the Central Bank, Laurie Savage and Associates, continue to do their work. We certainly await the enabling legislation to make that happen.

I did not hear the Member for Diego Martin Central say it, but it was certainly reported in the newspaper, that the other Minister in the Ministry of Finance had announced that mutual funds and credit unions are also going to come under the supervision of the Central Bank. I do not know whether the Minister of Finance, or the Minister in the Ministry of Finance, in winding up the debate, can confirm that, because that is certainly another welcome move.



I still believe that the \$10,000 tax allowance for investment in credit unions is slightly premature and I certainly would have preferred to see the credit unions come under a proper regulatory regime before we encourage people to invest. I hope that the problem in timing—and I believe there is a problem in timing—does not work to the disadvantage of some of the investors in credit unions. I would believe that legislation for the credit unions to come under the Central Bank should be almost ready.

I want to also comment on another announcement made in the newspapers post-Cabinet. That has to do with the divestment of the National Broadcasting Network. I think that at some subsequent date much more would be said about it. I just wanted to make a couple observations. The first one, I would say, is that I had originally put a note to Cabinet to divest NBN in the year 2001. So the question of the divestment of NBN, for me, is not an issue, although Cabinet subsequently took the decision not to divest and we had *PricewaterhouseCoopers* redo a study to have NBN restructured instead. I just wanted to make that point.

The concern that I have is not with the issue of divestment, it is at the same time we are hearing of a seven-storey building to house this new organization to deal with Government information and public information, and we are hearing about a new public limited liability company. I do not know whether they have done any numbers, any feasibility, on what it would cost for this new public limited liability company to run. I would venture to say that the cost of that new organization to deal with what they are hoping to achieve with Government information, and so on, the cost of running this new public limited liability company is going to be greater than what they might be required to provide to NBN at the moment.

**Mr. Manning:** I thank the hon. Member for St. Joseph for giving way. That might very well be so, because one of the mandates of that company would be local programming. It has an additional mandate to prepare local programmes which, as you know, are going to be quite expensive. However, on this occasion it would be a proper channeling of the costs to achieve a national objective that we set.

**Mr. G. Yetming:** This is a private limited liability company owned by the Government and I am not too sure whether the emphasis with respect to local programming should be with a Government private company or whether more incentives, as was attempted in what we have before us, might not be the better way to go. I am deeply concerned. In fact, now that the Minister of Finance has provided that clarification, I would be a little concerned about the Government of the day being engaged in local programming over and above the normal dissemination of information relative to the Government.

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I want the Government to reconsider its position on that and see whether, like I said, more incentives to the private sector could be given to encourage them in local programming.

The final point I wanted to touch on was, in fact, touched on by the Member for Couva South. It has to do with some of the measures that we need to put in place to ensure transparency. The Prime Minister is on record as being very concerned about the Government not tolerating inefficiency in the management of state firms and not tolerating inefficient management practices. I think the issue that is going to arise and, in fact, was the subject of a Sunday editorial in the *Express* newspaper, is, it is fine to talk about it but what could we do about it, regardless of whichever side we are on. What could we do to prevent it?

I think the Minister of Finance and the Minister in the Ministry of Finance would be aware of some of the measures that they met when they went into office in January of 2002, that in February 2001, Cabinet gave the Minister of Finance the authority to monitor and review all Government projects regardless of wherever those projects might be, either within the Government or the State sector. The reason for Cabinet giving the Minister of Finance that authority in February 2001 which, incidentally, was just no more than two months after I had assumed the position of Minister of Finance, had to do with the fact that I was very concerned about all the discussions that were taking place about abuse of contracts and excesses in contracts and what have you, and as a short-term measure, if only to put some degree of a temporary cap on activities, Cabinet agreed that the Minister of Finance should have the right to monitor any contract. This is why the interchange was never built, because when this Minister of Finance got that authority, this Minister of Finance attempted to ensure that that interchange was going to be built after due, proper and transparent process. [*Interruption*]

I am not dealing with party issues here, I am talking openly, whatever is right. In fact, assuming that they did not rescind that Cabinet decision, it is there for the present administration to deal with. In fact, in September 2001, again as another short-term measure—and I will quote from a little note I have here:

“In order to improve management of public funds by State-owned companies, statutory boards and State enterprises, Cabinet agreed in September 2001...”

Which is a measure that I am sure they are operating with at the moment:

“...that all State agencies must obtain prior approval from the Minister of Finance before awarding contracts above the sum of \$5 million.”

In fact, companies were told that if they needed a higher limit, as in the case of Petrotrin, they could have requested from the Minister a higher limit. What was intended was that any time a state enterprise wrote in and said, “Look, we want to award a contract for a figure above the \$5 million”, that would have been sent to the Director of the Central Tenders Board for review. It was a mechanism, in my view, to bring the Central Tenders Board into the process. At the moment, without this, the tenders rules and regulations of these state-owned corporations excluded the intervention of the Central Tenders Board. This was a mechanism intended to bridge that gap.

I assume that the Minister of Finance is operating with that authority. Furthermore, in September 2001 Cabinet had also agreed to the establishment of a central audit committee within the Ministry of Finance which was to operate as—I think the *Express* had a headline when they got information of this measure, stating: “Hitman Yetming”. That was because this audit committee within the Ministry of Finance was intended to be exactly that. The minute you hear about something within a state-owned corporation, you send them in. In fact, up to the time I left office, advertisements had already appeared in the newspapers for people to fill those jobs.

I am happy to hear the Member for Diego Martin Central say he has put that in place because those are mechanisms—and the public needs to know these things, which is why I am raising them. It has nothing to do with whether it was introduced by the UNC Cabinet of 2000, or whatever it is, what the public needs to know is whether there are measures being put in place.

It is all well and good to talk about wanting to have accountability and transparency, because the other issue really has to do with the Central Tenders Board, and I am not too sure in the winding up whether the Minister in the Ministry of Finance would talk about the state of the new Tenders Board legislation. For the benefit of this House and for the benefit of the public, a committee was established to re-examine the Central Tenders Board Ordinance of 1961. The committee was comprised of senior public servants from various ministries and representatives of auditing firms. The Government then got World Bank consultants to come and advise.

In May 2001, the Ministry of Finance—

**Mr. Speaker:** Hon. Members, the speaking time of the hon. Member has expired.

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

*Question put and agreed to.*

**Mr. G. Yetming:** Thank you, Mr. Speaker. I am going to wind up now because I only wanted to raise the point that as part of the contribution to the debate relative to the whole issue that was raised earlier on, transparency and so on, that measures ought to be put in place and that the new tenders legislation, I would expect, would be part of the Government's new legislative programme for this House.

Thank you very much, Mr. Speaker.

**The Minister of Energy and Energy Industries (Hon. Eric Williams):** Mr. Speaker, I rise to enter this debate today to comment, particularly, on the inclusion in this Bill of clause 5(e)(iii), and of course ancillary matters which have been raised in the course of the debate today.

This particular clause reads as follows:

“by inserting the following paragraph:

‘3(1) Companies engaged in the—

- (a) liquefaction of natural gas;
- (b) manufacture of petrochemicals;
- (c) physical separation of liquids from a natural gas stream and natural gas processing from a natural gas stream;
- (d) transmission and distribution of natural gas;
- (e) wholesale marketing and distribution of petroleum products; and
- (f) any other activity prescribed by Order of the Minister with responsibility for finance...

In essence, what this is saying is that companies which fall under these categories will remain with a corporation tax of 35 per cent. These companies, in case Members wish to know these companies and what classes of companies they are, when it speaks of the “liquefaction of natural gas”, we refer particularly to the Atlantic LNG Company and its operations. Now Train 1 currently is the subject of a tax holiday. That would come to an end eventually; but Trains 2 and 3 are not, and therefore those fall squarely in this provision.

When we speak of the “manufacture of petrochemicals”, we speak of the ammonia plants: Hydro Agri; PCS Nitrogen; CNC, Nitro 2000; Farmland; methanol plants which are Titan & Atlas; CMC Methanol and Methanol Holdings.

When we speak of the “physical separation of liquids of a natural gas stream and from a natural gas processing from a natural gas stream”, we refer squarely to the Phoenix Park Gas Processors Limited. When we speak of the “transmission and distribution of natural gas”, we refer to the National Gas Company. When we speak of “wholesale marketing and distribution of petroleum products”, we refer to the National Petroleum Marketing Company and the UNIPET, and of course, the omnibus clause of “any other activity prescribed by Order of the Minister with responsibility for finance.”

What is particularly important and interesting about these plants, particularly those involved in the natural gas end of things, is that we developed a natural gas industry in Trinidad and Tobago out of a product which was once considered to be a nuisance by-product in the petroleum sector. Indeed, we engaged in using natural gas for electricity generation, gas which was previously flared and appeared to be of no value. We started, of course, also to use it in the petrochemicals, in the manufacture of the fertilizers and so on.

As we continued along this path, there was, what we call, a demand pull, in that the more we used it and the more we recognized that we could monetize the natural gas, we sought to build more plants and to give incentives to cause these plants to be built, not just in a willy-nilly fashion. Indeed, what we were seeking to do, we recognized that we could get additional value, and particularly one of the value added products that we have been aiming for is ethane, so that we have the opportunity of going towards development of an industry in the plastics to form ethylene and polyethylene. So we encouraged the extraction of natural gas.

As we moved along in this pathway, essentially you could summarize the national policy and the question that we asked ourselves, into a phrase: How can we, as a nation, enhance our production? We set about doing that fairly efficiently, and today we currently produce in excess of \$2 billion cubic feet of natural gas per day. This puts us almost at the threshold of enough ethane from the natural gas to go into the ethylene business. Therefore it is an area that is under consideration.

So to maintain the corporate taxation on these projects is, in a sense, to maintain the status quo; but as we move forward towards our vision 2020, of becoming a developed nation, the paradigm is shifting somewhat. We are, indeed, beginning to ask ourselves the question, if it can be summarized as one, when it comes to the petroleum sector: How can our production enhance our nation? Indeed, to do this, we have to invest in our human capital; we also have to enhance our production of natural gas and, indeed, of oil; we have to engage in

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developing additional avenues for sustainable investment and sustainable development in our nation.

Let me say that sustainable development in this, or any other nation, is a three-pronged thing. It requires development of the economic sector; development of the social sector and preservation of the environment. These are the elements that we are beginning to incorporate in our policy and policy decisions as we move forward.

Beyond that, we need to deepen and broaden our presence in the marketplace. We seek to retain the taxation at levels which we are comfortable with, which have been built into the economic models of these particular plants in a way that seeks, in this case alone, to continue to bring a particular revenue stream into the system.

Clause 5(e)(2) of this Bill goes on to say:

"For the avoidance of doubt, companies engaged in the wholesale marketing and distribution of petroleum products shall not include..."

the following types of companies. Now these are companies for which the taxation level will now drop to 30 per cent. I quote:

"...companies—

(a) operating a liquid petroleum gas filling plant or conducting a refilling operation;"

That is to say, companies which are involved in the bottling of liquid petroleum gas (LPG) which comes to us in our homes for cooking purposes. We are reducing the tax rate to 30 per cent. One would imagine that there are also going to be some reductions, or the possibility of negotiations for a reduction, in this particular product. In any event, we are causing the industry to move forward. There is one company at this time, Ramco, involved in this as an operation.

I continue to quote:

"(b) (companies) involved in the sale and distribution of leaded and unleaded gasoline, diesel and kerosene lubricants and other car care products;"

As I mentioned before, this does not include National Petroleum and UNIPET, but this, indeed, includes all of the people who are called peddlers and people involved in bunkering operations. What do these peddlers do? They are the ones who move on a very small scale, products like kerosene, diesel and other lubricants and car care products, particularly to the rural areas of the country. Then finally, we have companies which operate service stations. There are single

companies which operate service stations still, the small man, as it were.

The legislation seeks to derive the benefit from the big players that the country currently derives, while at the same time to assist those smaller operations which directly affect our people and, therefore, can contribute to an improvement in the quality of the lives of our people, to give them the incentive to move forward. That, in a sense, is part of the philosophy and the policy that the Government is seeking to pursue as it moves along in developing our country, at least to be a developed nation, certainly by the year 2020.

As part of the debate, the Member for Couva South sought to go into a number of extraneous matters which he believed—sorry, I would not say that, because you allowed him, and quite rightly so; but he went into a number of areas which are in the national interest. I would inform this House, as has the Member for San Fernando East, the hon. Prime Minister and Minister of Finance, that today I held a press conference in which we placed before the public all of the facts as we understand them today, with regard to the ExxonMobil/Petrotrin matter, which has been engaging the attention of some of us in the press.

In doing so, we opened ourselves to a number of questions. In fact, it was my intention, in coming to the Parliament today, to at least have some discussion with the Member for Couva South who, as others know, also is an employee of Petrotrin; but in his capacity as the Member on the other side, essentially, who holds a brief for energy, to discuss some of these matters. However, he went on at length on matters that have been appearing in the press which, as Members are beginning to understand, are not entirely correct and which have been subjected to spins of one kind or another, rhetorical or otherwise. *[Interruption]* Not the cricket spins that you are accustomed to, but spins of an intellectual nature, which have been put into the public domain to give a particular impression.

With your permission, I would wish to, at least, attempt to answer some of the questions which were asked by the Member for Couva South and to provide information of a factual nature, as we understand it today, to Members of this honourable Chamber.

The effective date of the ExxonMobil production sharing contracts of Blocks 25(b) and Block 26 in our deep waters off the East Coast, came into effect on February 11, 1998 and they were for a five-year duration. If the limited mathematics that I have subjected myself to as a geophysicist, works, five years, counting from February 1998, takes us to February 2003. Therefore, when the Member for Couva South says that Exxon is already in breach of their contract,

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the contractual period for the first phase of exploration has not as yet expired. It will expire in February next year.

On top of that, in every contract there is the ability, particularly for the Minister of Energy and Energy Industries, to extend the period of the contract, giving consideration to whatever due consideration is required. So that to come to this Chamber and say that Exxon is in breach of their contract, repeating the words in an article that he may have read somewhere, is not correct.

In any event, upon signing the production sharing contracts in February of 1998, ExxonMobil paid a signature bonus on each of those blocks. On Block 25(b) the signature bonus which they bid and then paid when they won the right to do so, was US \$29.2 million. That is just the signature bonus. That was for the right to explore in that block. That came to the Treasury, and hon. Members opposite would have seen these numbers.

For Block 26, the signature bonus was US \$28.8 million. Before ExxonMobil even began to explore in the block, they paid in revenues to this country US \$58 million, as is quite customary in the international arena in the oil and gas business.

The programme that they bid and won their bid on was based on a particular work programme, and with that work programme there were certain minimum penalties for the elements in that work programme. Let me explain the work programme to this honourable Chamber. For Block 25(b), the contract area is 139,076 hectares. For the five-year exploration period—the first phase of it—they bid to acquire 1,391 km<sup>2</sup> of 3D seismic data, 140 line km of 2D seismic data, and to acquire at least 2,740 line km of gravity and magnetics data. In addition to this, they bid that they would drill three exploration wells each to a total depth of 4,600 meters below sea level.

The guarantees for the obligations for this work programme were as follows: for the entire first phase for Block 25(b), the guarantee was US \$94.3 million. That is to say, if they defaulted, this is what they would have to pay. It was broken down as follows: for the 3D seismic data, US \$17.9 million; for the 2D seismic data, US \$400,000; for the gravity and magnetics data, US \$100,000, and for the three wells, US \$48.6 million.

For Block 26, the contract area was 119,520 hectares. For the first phase or the five-year exploration programme, they bid 1,195 km<sup>2</sup> of 3D seismic data, 140 line km of 2D seismic data, to acquire, again, 2,740 line km of gravity and magnetic data and to drill four exploration wells each to a total depth of 4,600 meters below sea level.



The guarantees for work in Block 26, the total, was US \$103.8 million. In essence, this was broken down as follows: for the 3D seismic, US \$8.8 million; for the 2D seismic, US \$400,000; for the gravity and magnetics, US \$100,000, and for the four wells, US \$62 million.

What ExxonMobil then did, they went out and acquired—because the two blocks are adjacent to each other—one 3D seismic survey which covered both of the blocks. Indeed, it was probably one of the largest 3D seismic programmes that ExxonMobil had carried out anywhere in the world at this time, and ExxonMobil, of course, is the largest oil company in the world.

They acquired it in such a way that it overlapped with the block to the north which Shell and its partners is a party to, with a production sharing contract, and the block to the south of which BPTT, Petrobras and others, is a partner; but in each of these blocks, Petrotrin, as an arm of the State, is a carried partner.

What they did was they acquired the data so that it overlapped with the other surveys done in the blocks above and below, so that the Government and people of Trinidad and Tobago, because of this particular opportunity, have obtained the value of surveys which overlap each other, which give us a better understanding, or the opportunity to have a better understanding, of the geology of the area.

What work was actually done? In Block 25(b), they acquired the 3D seismic, as I mentioned. They acquired the aeromagnetics data and such, but instead of the three wells that were bid, they drilled two wells: Adelpha #1 went to a depth of 12,081 feet, and Callicore #1 went to a depth of 11,600 feet. The reason they could not go any deeper were for technological reasons. They physically could not go deeper than that at the time.

The total project expenditure—now this is above and beyond the signature bonus and all the other payments which I will give a more comprehensive number a little later on—of the work that they expended was US \$81.5 million. This is sunk cost in wells. Just for the avoidance of any further doubt, the rigs to drill—in fact they use a drill ship. This drill ship is not a Trinidad flag vessel; it came from elsewhere; it is owned by a contractor from somewhere else. The geophysical work that was done was conducted by geophysical contractors which exist elsewhere, because in this country we do not have the capability to conduct such work.

So the majority of the money that was expended in these programmes was expended on contractors and companies which are themselves transnational companies and does not accrue directly—the dollar amount—to the benefit of

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Trinidad and Tobago. But we do have today the value of the data that we can obtain from the geophysical data and the wells that have been drilled.

In Block 26, they acquired the seismic data. In fact, after acquiring and processing it, they then did further processing of the data. They acquired the magnetics and all the other geophysical data, and again they drilled two wells: Dynamine #1, to a depth of 14,085 feet and Heliconius #1, to a depth of 12,027 feet. Again, they could not go any deeper. The project expenditure on the work alone was US \$81.92 million. This is sunk cost. There is no commercial discoveries money that is spent.

In all, if we look only at the work commitments that were conducted out of this project, ExxonMobil has spent a considerable amount. What is the outstanding work and the guarantees that go with that? The outstanding work on Block 25 is one well, with a proposed penalty of US \$16.2 million. On Block 26 it is two wells for US \$31 million. In other words, if they do not drill those three wells, the letter of the law says a penalty of US \$47.2 million.

That is only looking at the work commitments. Let us look at the full picture. The minimum work guarantee for Block 25(b), as I mentioned before, was \$94.3 million. To date, based on that commitment of \$94.3 million, ExxonMobil has spent to date, US \$120.2 million. It was broken down in terms of the actual work expenditures of \$81.2 million and other expenditures, including the signature bonus and others, of \$39 million.

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In Block 26, the minimum work programme and other guarantees came up to \$103.8 million. To date, Exxon has spent US \$121.1 million. For a commitment of US \$198.1 million, Exxon has spent in excess of US \$240 million. We are faced with a situation where they have spent considerably more than was estimated. These numbers—while there may be disagreement between the various parties on the actual figures—are subject to audit of the specific department within the Ministry of Energy and Energy Industries. While there is outstanding work to be done, they have expended a considerable sum of money. We were faced with a situation where Exxon said if they drilled those three additional wells, they would dig three dry holes. That would be money spent on contractors who would move on to the next round. The other option would be to extract the dollar amount as a penalty from them and say goodbye.

A third option presented itself. As we develop as a nation we now understand that we have to invest in our human capital. We have to extract value so that we can develop.

Another option presented itself where both parties agreed to come to another solution which would be “win win” mutual benefit and would provide value to both sides. In that context, we agreed to meet with the folks at Exxon.

Contrary to the comments of the Member for Couva South, we sought to see if we can develop some measure of “win win”. Contrary to what he has led this House to believe, ExxonMobil made several proposals of potential areas where this could happen. Among these proposals they were directed to speak not with the politicians or the members of the board but with the technical officers of Petrotrin in their Trinmar operations at Point Fortin. The technical people of ExxonMobil met with the technical people of Petrotrin and sought a way to derive maximum benefit for Trinidad and Tobago. They went to Trinmar; looked at data back and forth and started to come to a consensus.

The proposal was that Exxon jointly with Petrotrin would undertake an intensive three year exploration programme in the Soldado area in the Gulf of Paria. The key objectives were to develop a comprehensive lead and prospect inventory. That is areas where we could drill and have a good chance of having oil; drill the highest quality prospects and then potentially realize significant near term increase in Soldado area oil production. The production from Trinmar has been relatively stagnant at about 30,000 barrels a day. For years, the folks at Trinmar have been picking over the data and trying to come up with different prospects, but they face several situations. The data needs some new technology but Petrotrin faces financial challenges. They have been unable to drill the prospects that they have been coming up with. They have been considered a little too risky given the current knowledge that we have. The management has sought to hold off drilling those wells.

The folks at ExxonMobil went to speak with the technical people at the Trinmar unit at Petrotrin about coming up with a programme that could take us to a memorandum of understanding which may lead to work. As the Prime Minister has pointed out and as others have tried to scandalize, there was a divergence of views. We developed a consensus on an approach. A divergence of views is a healthy thing. I have heard Members opposite and members of the national community speak about strength in diversity. In this case, we had a healthy discussion and we came to a consensus.

The proposed exploration project would cover the deeper potential in the Soldado area. In the known area they would go after deeper prospects which we

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have not been able to go after and all depths in acreage outside of existing and discovered, but undeveloped fields. This programme will not go after the oil that exists but it has the potential to take us to new heights.

The proposed joint project consists of five elements. The first element is a joint geotechnical study to develop the lead and prospect inventory. There would be a fully integrated geologic study and there are technical targets it is aiming for. The benefit of this programme to us is access to ExxonMobil proprietary technology. They have become the largest because of the development of a comprehensive prospect inventory, design parameters for future seismic surveys and the application of direct hydrocarbon indicator analysis to existing fields. Those are geophysical techniques that help us to reduce the risk in drilling. The prospect generation would be limited to deeper potential and all depths in acreage outside existing and discovered, but undeveloped fields. The work would be undertaken both in Point Fortin and Houston. Local content, local involvement. ExxonMobil and Petrotrin would fund their costs and overheads, but ExxonMobil would fund the Houston visit costs.

The second element is the full seismic reprocessing of a survey that was acquired in 1992, by a technique known as Ocean Bottom Cable to apply state of the art methodologies and algorithms in consultation with Petrotrin. There is a local geophysical processing capability in Trinidad. That work can be done in Trinidad and Tobago in a shop that is staffed with expats and Trinidadians. Our young geoscientists can go into the processing centre and work the data from start to finish. Development of our human capital includes access to ExxonMobil's technology and expertise; improved imaging of existing production and the deeper horizons and all the benefits that go with that. The work would be undertaken either in Trinidad or Houston and would be fully funded and managed by ExxonMobil in consultation with Petrotrin.

The third element is the north marine area 3D seismic acquisition processing and interpretation. There is a significant chunk of Trinmar's acreage which has never had 3D seismic survey over it and we have never been able to afford it. This project proposes a funded programme where that data would be acquired. It is a funded exploration programme with significant new resource and production potential. This would assist in having a long-term relationship with ExxonMobil. Exxon would fund it up to US \$5 million. These numbers were provided by Petrotrin's estimate of how much it would cost. Parties from both sides would be covered by the companies under the existing emoluments for staff. This means that we can take a new crop of geophysicists in this country. There is a shortage worldwide.

Element four is an aggressive drilling programme with the highest quality prospects generated by the joint geotechnical study. Petrotrin would be the operator of the programme and Exxon would fund the lion's share of it. The anticipation is that we would drill between three to five wells inclusive of one deep test. We are talking about giving up three wells in deep water with contractors and other arrangements which may or may not bring benefits to us as a country, in a situation where the geology is thought to be not conducive. This is three to five wells in the known part of the petroleum province where Petrotrin would be the operator.

There is nothing for Exxon to become an equity owner in Trinmar or Petrotrin, but to be a partner in the drilling of the wells. ExxonMobil has an option to participate in the development of the discoveries. That is a subject of negotiation on our part. It is a funded exploration programme with significant new resource production potential. There is the opportunity for us to continue a relationship with them where they will fund up to US \$15 million. Drilling in the shallow waters is not as expensive as drilling in deeper waters. ExxonMobil and Petrotrin would fund their staff.

The fifth element is an integrated reservoir school. It is a two-month finishing school for technical people with a project for ten geoscientists and petroleum engineers. It would be led by ExxonMobil Upstream Research Company which is the largest research company in the world. There would be intermediate advanced instruction of reservoir management technology in a work team environment. It would be customized for Petrotrin's needs. They would be working on Petrotrin's data; solving their issues and learning in an environment where they would be part of the systems and methodologies of ExxonMobil. The benefit would be to enhance the skill of Petrotrin's technical staff. It would be the immediate application to the existing fields of Petrotrin/Trinmar, the fields to which ExxonMobil would not have access, but could enhance our production.

The school would be conducted in Houston and Point Fortin. We fund our staff costs but Exxon would fund the cost of the visits to Houston. The programme involves technology, capital, human capital investment and development by the largest company of its kind in the world. Petrotrin would have access to the technology, worldwide expertise and funding of the world's largest petroleum company to plan and implement an extensive exploration programme. Potential new discoveries could provide the Soldado area with a substantial near-term increase in its oil production. We anticipate that if we are good at it, we could triple the current production rate at Trinmar. For those who think it is

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insignificant, Trinmar is that part of the State's holding that has the highest potential for rapid increase in production and the concomitant returns to the nation. If Exxon elects not to participate in further exploration beyond the initial exploration phase, Petrotrin would have a comprehensive prospect inventory that would guide its Soldado area exploration for years to come.

Knowledge gained by Petrotrin's staff from such aspects of the project as direct hydrocarbon analysis; seismic reprocessing; the integrated reservoir school and all the other things can be immediately applied to increase the productivity of existing fields and the total amount of hydrocarbon resource extracted from them. Exposure of Petrotrin's personnel to ExxonMobil's experts, technologies, practices and active mentoring by ExxonMobil would be beneficial to these individuals, as well as Petrotrin's ambition to improve its business activities in Trinidad and Tobago and elsewhere in the world. We are preparing our young geoscientists to be not just world class, but to go into the world and be world class.

ExxonMobil and the Government of Trinidad and Tobago can continue a longstanding and hopefully more beneficial relationship for many years to come. You have to consult with people. The technical people of ExxonMobil met with the technical people of Petrotrin and they have reported. I did my checks. As a member of that fraternity I know some people. I asked them: could you tell me in your own words what you think as the technical people who the State entrusts with its assets about this proposal that has come to us? I am now involved in politics. While I do have a technical background and I still retain knowledge in this, I am taking the perspective of the minister who is being advised by the technical people of Petrotrin. I would read two comments which they forwarded to me.

**Mr. Speaker:** The speaking time of the hon. Member for Port of Spain South has expired.

*Motion made,* That the hon. Member's speaking time be extended by 30 minutes. [*Hon. J. Narine*]

*Question put and agreed to.*

**Hon. E. Williams:** Mr. Speaker, I thank you and hon. Members.

The first comment is that 67 per cent of the geologists, geophysicists and reservoir engineers who support the Trinmar operations have less than four years' experience as prospect generators. In other words, two-thirds of the people who are entrusted with taking us forward in Trinmar do not have the experience to do so. Based on their first comment they went on to say that our people are in need of training alongside the experts of the Exxon study for deeper prospects and gaining

experience in seismic acquisition for the planning, implementation, processing and interpretation when the new survey is conducted. Those are the words of the technical people in the Trinmar arm of Petrotrin.

The Member for Couva South is not aware of policy directions of the Government. If he would allow me to meet and treat with it, I could guide him on where the thing is likely to go.

**Mr. Ramnath:** Are you aware that in the most recent restructuring, there is no Trinmar arm? All the geological petroleum engineering work takes place on behalf of the company and is resident at Pointe-a-Pierre.

**Hon. E. Williams:** We have been very clear that we are currently continuing to review the role of the State company that reports to the Government of Trinidad and Tobago. We are also responsible for conducting the policy of the Government and people of Trinidad and Tobago. I would leave it at that for the moment. At the end of the day, these proposals which I have outlined, as attractive as they appear, are part of a negotiation process. Without prejudice, this process has not been concluded. If and when they are, hon. Members of this House and the national community would be brought up to date.

The memorandum of understanding is the first step along the way. Since the original ExxonMobil contract was with the Government of Trinidad and Tobago, it has to conclude all these. There is no equity participation or management contract for ExxonMobil in Petrotrin that is being contemplated in any of these negotiations at this time. I hope that puts to rest the fear of one member of the press. The Member for Couva South indicated his alarm and alacrity. I hope that we are able to allay and assuage the fears that may have been raised by those in other fora who thought they had a story and would scoop others and run forward into the public domain creating scandal. I would say that same journalist—let me not go there.

My maternal grandfather was a soldier who served in World War I in Palestine, as a part of the British West India Regiment as a private. He served in World War II in the Home Guard of the same regiment where he rose to the rank of Company Sergeant Major. One thing a young person can benefit from is listening to one's elders, particularly those who have lived that longer than the person. That is why the PNM has reintroduced the Geriatric Adolescent Programme. One of the things my late grandfather used to tell me was that discretion is the better part of valour. In order to be discreet and remain valiant, I will not go in the direction that Members opposite are goading me.

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The Member opposite made the point that we needed to protect the well head price for natural gas. We understand that concept very well. The value of the natural gas is determined by the price it would fetch. If Members were engaged in the business of agriculture or oranges, is it in the interest of the owner of the orange field for the price of oranges to be high or low? In this case, the Government of Trinidad and Tobago takes the position that it is in our interest, that the price be as high as possible to achieve our national policy objective. Therefore, we are looking at the entire value chain of all the projects in which we are involved to determine where our maximum value resides. In any event, it is in our interest to protect the well head price of both our oil and natural gas to the extent we can. We intend to do so with vigour and, as somebody said, with Caribbean prejudice.

The role of transnationals in corporations in our development has been stated by the Prime Minister. We have announced that we have a committee to look at royalties and taxes in the petroleum sector which we inherited. It is pointing in a slightly different direction. We would look at the smaller producers both on and offshore. We would not come with this legislation because we have not fully studied the matter. To do so would be premature. We are planning to expand exploration and production onshore by a quantum leap. I have been in the press locally and internationally pointing to the need for a new 3D seismic programme across the south of the island. We have to find ways to get more capital expenditure onshore to re-stimulate the economy. We are finding difficulty with a model that we met in place.

I would say that Petrotrin became a junior Ministry of Energy and Energy Industries and was engaging in bid rounds all across the island. In one of the earlier briefings the company came to me and showed how nicely carved up the entire country could be with lands for which Petrotrin has a lease and lands with private leases and state leases. Petrotrin was seeking to go out internationally with its own bid rounds. In the last government there were both a senior and junior minister of energy. That model appears to be quite inefficient.

When I was appointed Minister of Energy and Energy Industries, I consulted with my Prime Minister. Chief, forgive me if I let this one out. I called Mr. Barry Barnes and invited him to continue to mentor me as he has been mentoring me for some considerable time. While we expect that we would continue the business of exploration and production on shore, we are reviewing the method by which that would be achieved in a way that would redound to the maximum benefit and development of our nation by 2020.



**Mr. Ramnath:** I think I have a duty to correct the record although I do not speak for Petrotrin here. He is misleading the House. When the acreage licences for Petrotrin were carved up, it was for the purpose of attracting joint venture partners to operate leases which were allocated to Petrotrin. At no time was Petrotrin offering international firms opportunities for leases which were not under its jurisdiction.

**Hon. E. Williams:** I did not say that. The Member for Couva South did not have to go through the experience of this current Minister and the staff of the Ministry of Energy and Energy Industries to execute one such exploration and production programme, when it was found out that Petrotrin put up State lands in an international bid. Legally, they did not have the right to do so. We sought it out so that the country would not be embarrassed. We are seeking to find ways to improve the quality of life of our people. We recognize that the petroleum sector holds the greatest potential for revenue that would fuel and sustain our growth. We are looking at every aspect of both State and transnational local private sector involvement in the energy sector. We are doing that in such a way to extract maximum value for the nation, but not in a dictatorial or less than transparent manner. We are doing it in a manner that would seek mutual benefit within the context of our national aspiration.

With those few words, I commend this Bill to Members of the House. I support it wholeheartedly.

Thank you.

**Miss Gillian Lucky (Pointe-a-Pierre):** Mr. Speaker, let me indicate that I can promise that I would not be as lengthy as the hon. Minister and the Member for Port of Spain South. I cannot promise that I would be equally exciting in my contribution.

I draw to the attention of Members in this House clause 2(d). When I heard the contribution of the Member for St. Joseph as he pointed out in subclause (d) what is proposed as section 26(A)(1), his concern with respect to its implementation, I was almost sure that he had moved from the stage of being paralegal and is now perhaps pursuing his LLB degree. That is one issue that concerns me with respect to that particular paragraph. It is clear and quite commendable that the proposed section of the Bill seeks to place a great onus and correct responsibility on vendors who are selling tobacco products to ensure that they have adequate signage. It would be clear that the sale of tobacco products to persons under the age of 18 years is prohibited. There is a certain misconception

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that we have in this country, that because we may pass laws it means that we solve problems. Such a concept is very far from the truth and reality. It is important for us to recognize what we seek to achieve in passing legislation or enacting a particular section. We must do more than merely draft it. We must ensure that if it is implemented it could be sufficiently enacted.

The concern raised by the Member for St. Joseph is one that I have with respect to this clause. It appears to be so specific in its desire to ensure that it encapsulates all the requirements that, unfortunately, it becomes very convoluted. That in essence is what has resulted in the problem that I am about to highlight. This clause would be creating an offence. Anyone who commits the particular offence would be liable on summary conviction to a particular fine. This would be subject to prosecution in the Magistrates' Courts. The particular clause says that every vendor of tobacco products should cause it to be displayed at all times in a prominent place on the premises where the tobacco products are sold, a sign written in large, bold uppercase characters, legible from any part of the premises.

I will not belabour this honourable House by reading what the sign is supposed to carry. When one has to prosecute a person who may be charged with this offence, certain elements or ingredients of the offence would have to be proven. One of them is that the sign was not legible from any part of the premises. I am going on the presumption that there was a sign. If a vendor does not have a sign the proof of the case is easy. I am looking at a situation where a vendor could say that he had a sign and one of the issues would be whether that sign met the requirement of being legible from any part of the premises.

That is a very subjective test. Which witness and with what level of expertise would come in a courtroom without objection from defence counsel and be able to adduce the necessary evidence? I can only hope that this does not fall on deaf ears. The hon. Prime Minister said that what stimulated him in the debate is that he felt we were reaching a level where we were doing what we were supposed to do. That is, the Opposition asking questions and those on the other side seeking to give us reasonable answers. I hope that I might be able to do my duty on this side which is the way we do it in the United National Congress, not merely to show the deficiency in the clause but to suggest a solution. I suggest that the section be reworded to state, "every vendor of tobacco products shall cause to be displayed at all times, the place in its premises where such products are offered for sale, a sign written in legible characters that reads as follows". That would be consistent with case law in this type of matter.

Because we were able to enjoy a lecture by the Member for Port of Spain South I make no apology that the case upon which I rely is that of the Pharmaceutical Society of Great Britain and Boots Cash Chemist Southern Limited reported in 1953 All England Law Reports on page 482. For those of us who have had some level of interaction with the law, we would remember that what was commendable is that there was a need to regulate the sale of poisons. The legislation stated that when certain poisons were being sold a pharmacist should be present. The issue was whether the poison being displayed on a shelf amounted to an invitation to treat or an offer for sale. Boots Cash Chemist was successful because they were able to point out that the pharmacist was present at the cash register and there the product was offered for sale.

For us to prevent what may be a problem with respect to the prosecution of these types of offences and the implementation of a commendable section, we should deal with the problem and nip it in the bud. The onus should be placed at the signage. We should put where the tobacco products are offered for sale. It would mean that the point at which persons are going to buy those products, the message would be clear that it is prohibited to sell tobacco products to persons under the age of 18 years. It would remove this concern about proving that it must have been illegible from any part of the premises. Let us not confine our thinking to the sale of tobacco products to a shop, but to larger premises such as groceries where the implementation of this law would be a problem.

We have to be concerned with respect to what happens when someone does not have the necessary signage or is in breach of the particular section and he is charged. He would then have to go to the respective Magistrate's Court in the jurisdiction in which the offence has allegedly occurred. Within recent times we have been hearing much about the Magistrates' Courts in our country. When a clause creates an offence we must ensure that when a person is charged and has to go to court, that that arm of the administration of the law could handle an increased workload.

I would not quote this but I am referring to the *Express* Editorial of Friday December 13, 2002, page 10. On the tour of the San Fernando Magistrate's Court, the Attorney General was shown the state of disrepair of the building. She expressed alarm and concern and confessed that she could not imagine the condition was desperate as what was shown to her. Mr. Subhas Panday was one attorney who was showing the team the level of disrepair that attorneys, litigants, journalists and magistrates had to endure on a daily basis.

**PROCEDURAL MOTION**

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Mr. Speaker, I beg to move that this House continue to sit until the completion of this Bill.

*Question put and agreed to.*

**FINANCE (MISCELLANEOUS PROVISIONS) BILL**

**Miss G. Lucky:** Mr. Speaker, I do not wish to cast any aspersions or be disrespectful to the Attorney General, but surely, by virtue of section 76(2) of our Constitution, the Attorney General is given the responsibility for the administration of legal affairs in Trinidad and Tobago. For a person who has been occupying that position for almost one year to give a very embarrassing confession that she was unaware of the state of disrepair of the court in San Fernando—which is considered the industrial capital of Trinidad and Tobago—I felt it was a very unfortunate remark. Here we are about to pass legislation creating an offence that would be placed in the lap of the Magistrates' Courts. Would those courts throughout our country be able to deal with these matters?

I noticed that this particular subclause (d) seeks to insert after section 26 of the Children's Act this particular clause. Section 26 provides for a person who has a vending machine that dispenses tobacco products. If a magistrate is of the view that there is too much ready access by young people to this particular machine, an order can be made by the magistrate. If there is breach of the order there is a fine and a continuing fine for every day that order is not complied with. Using that level of intellect that we were commended for by a backdoor compliment by the hon. Prime Minister, it came to mind that a similar type of subsection is missing. When a matter is listed in a magistrate's court on a particular day for the first time, it may never be heard for a period of sometimes two to three years. These types of matters would not be given priority.

In what I consider to be the style and fashion of the UNC, I use the time to make a suggestion as to what the hon. Minister would consider to be that addition I am suggesting. It is that a new subsection 26(A)(3) be drafted. It should read, "any person convicted under subsection (2) shall be ordered by the magistrate to conform with subsection (1) within a specified period and, if any person against whom such an order has been made fails to comply with such order, he shall be liable to a further fine of \$200 for each day during which the offence continues". It is not for a person found in breach to go to court and be found guilty and be told, "You are guilty" and pay this fine. That is not good enough. The person so

fined and convicted must feel that it is incumbent on him to rectify the situation. I am suggesting that this is something the hon. Minister and his team may want to consider.

We have to remember that there is priority of matters and this type of matter would not be given priority. We have to seek innovative ways to get vendors to comply with this requirement. I suggest that this particular clause could become the subject of the Schedule contained in the Community Mediation Act. Bearing in mind that I am now in private practice, I have used some of the legislation that was passed under the government of the United National Congress. There is merit in having certain offences dealt with by some kind of community mediation, whereby the offender could meet with a representative from the prosecution and seek to have the matter determined. There would have to be a site visit. That would take time and energy. It would take resources which are very limited when it comes to the administration of justice. We could make this particular offence subject to this Act so a person so charged would have the opportunity to comply with the requirement of the clause in a way that he would not have to go through the entire court process.

A great concern on this side is the enforcement of the alleged offenders when new offences are created. We would be putting a burden not only on our courts and prosecutors, but also in terms of the investigation of these matters and the gathering of evidence, we would be putting a strain on a police force with limited resources in its fight against crime. When we are passing legislation let us bear all these things in mind and not pat ourselves on the backs and say we did well and we passed the law. My nine years as a prosecutor with the State have shown me that having a law is not enough. It is the ability to enforce the law that gives the law the life that it needs and acts as a deterrent that is necessary, when we talk about providing for deficiencies we see in our social order.

I turn the House's attention to clause 5(c). On page 23 of the Bill 10(K) and 10(J) I do not understand why reference is being made to companies sponsoring audio-visual productions for the purpose of local education or entertainment or reflecting local culture for radio or television. In 10(K) when a similar type of production is being provided for the production houses, they are getting the concession for audio, visual or video productions reflecting local culture. Is it through inadvertence that there has been the deletion of the entire phrase, "production for the purposes of local education, entertainment or programmes that reflect local culture"? If there is a reason I am interested in knowing.

I am concerned about the terminology. It is audio, visual or video productions for the purposes of local education or entertainment or reflecting local culture.

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What is local education? What is meant by local entertainment? I looked at page 4 in the Explanatory Note and it is commendable that provision is being made for companies and production houses that are supporting, sponsoring or producing programmes that would enhance local culture. That is not a new idea. Provision was made for it when the former minister of finance had provided a similar type of concession. Companies or production houses that want to benefit from this concession would have to justify the programmes to attract the benefit.

Perhaps the phraseology is wrong. It ought to be audio visual or video production for the purpose of promoting education or local culture. That will cover programmes that promote local culture and education. If I were a company and sponsored the audio or visual production of a foreign artiste, such as Shakira or Enrique Iglesias and I put it onto a local television station and I argued that had been produced for the purpose of local entertainment, I should be entitled to that deduction. The clauses seek to give concessions to sponsors and production houses that would be incurring costs in terms of making programmes that would promote local culture and entertainment.

One may wonder why I have such a passion for the promotion of local culture. I can only boast that I was a co-producer of the programme "Sitare" which is still on television.

In those days, of course, I said it a little differently and there were antics to go with it, which I am sure will be objectionable in this honourable House. [Laughter] It is good that I am able to evoke this humour when digestive juices are certainly competing.

### **8.00 p.m.**

The point I am making is that I, too, like those on the other side, share a passion for promoting that which is local. I have also been on the receiving end as a co-producer of a local programme, having to justify getting sponsorship, competing in Trinidad and Tobago with shows such as Zena the Princess Warrior, Hercules and other programmes that, because of their foreign content and the high level of production, advertisers feel will attract a greater share in the media market than a locally-produced programme.

That is why I am happy to say that when the United National Congress was the Government of Trinidad and Tobago, this type of thinking had already been put into place, in that there was the concern that we need to do something to promote local culture. I submit that we look at the phraseology to see whether it is doing what we want it to do. My view is that it is not.

I want to keep my commitment that I would not be as lengthy as the Member for Port of Spain South. Another concern I have about clause 5 is that in section 10(I), deduction is being given to companies that promote or sponsor sporting activities or events of sportsmen. This is commendable, but I ask the hon. Minister why, when the legislation is dealing with sporting activities, a concession is not also given to production houses that make either audio, video or audio-visual productions of these sporting activities? In other words, when it came to local culture, it was done in sections 10(J) and 10(K), but when it comes to sporting activities, the concession is only given to companies. The suggestion is that there should also be a section similar to 10(K) where a production company incurs expenditure in respect of audio-visual or video productions that deal with sporting activities and gets the concession.

If I understand what the hon. Member for Diego Martin Central is saying, sporting activities can come under entertainment, but the problem in the courtroom—and I can see a lawyer making the point that if they intended to include sporting activities in entertainment, why the need for section 10(I)? Section 10(J) clearly provides for companies that sponsor audio-visual or video productions to get the concessions. Section 10(K) is for the production company that incurs expenditure for similar things. Why, then, if sporting activities were included in entertainment, was specific provision made in section 10(I)? It could have come under section 10(J). Why are we trying to put forward a legal argument that a court may have to hear, when we could just nip it in the bud? It will not be difficult. It just means including it in a section where you already basically have the wording. We are going to adopt the wording in section 10(K). When there are productions understanding that they will get the concession, not only will we have sponsors for all our football teams, cricket teams, cycling teams, rugby teams and golf teams, but persons who are playing these sports and their sponsors will also have the opportunity to have their games seen on television.

That is important. I have always said that a singer who makes a fantastic song and performs it to a few people gets a level of satisfaction, but when he or she knows that song will be played on radio and broadcasted and heard by thousands and millions of people, that is even better.

Remember, we are talking about getting the legislation right. It is not enough to present a bill, pat ourselves on the back and say it is correct. We ask that they give consideration to the points that we have raised. If we can nip these problems now and prevent litigation and confusion or a level of mystification, where there is a grey area, let us get it right now. As I said earlier, I want to honour the promise I have made. Those are the points I wanted to raise with respect to the Bill.

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There is just one other matter. I know that I am within my time, but digestive juices are competing with my voice. I know that in this country we have gambling houses and casinos. There is a school of thought that gambling in this country and casinos are illegal. I am not going to debate that now. What we are lacking in this country is a commission of gaming. In all jurisdictions in which there is gaming and legalized gaming, it is mandatory to have a commission of persons with the duty to check the integrity of the machines.

I know of no reported cases that I can bring evidence to show that machines are rigged or seals tampered with, but I am suggesting that when we talk about transparency and accountability—and it is clear that in our population there are many persons who, for entertainment and other purposes, go to these gambling houses and spend their money—people should at least be assured that there is an independent body guaranteeing the integrity of the machines. Again, it is just a suggestion.

Many years ago, 1997, I went to Reno, Nevada, South and North Dakota and also Miami. In these places I was very concerned about the laws with respect to gaming. I was then a State Counsel in the Office of the Director of Public Prosecutions and it was around that time that the whole issue of gambling and to what extent we should have it in Trinidad and Tobago was the hot topic. One of the points made in each of those jurisdictions that I visited was that when you have gaming, you must have that commission, so that persons can take their complaints; the commission can make random checks and then it means that the whole transparency process is intact. Mr. Speaker, it is just a suggestion. Again, I make the point that I can only hope that it does not fall on deaf ears.

I tried my best to do it in the style of the United National Congress, which is to do more than just put forward a complaint or highlight a problem, but to give a solution. If we find ourselves on the same side—and I think we are—we want to ensure that we legislate for the good governance of Trinidad and Tobago and in the best interest of the maximum number of persons. I can only ask that significant consideration be given to the suggestions I have made. I thank you.

**The Minister of Health (Hon. Colm Imbert):** I shall try to be very clear and concise within the 75 minutes allotted to me. That should take us to after 9.00 p.m.

I am thankful to the Member for Pointe-a-Pierre, who has adopted quite a constructive approach to this debate in contrast to the blabbering of the Member for St. Joseph, who became confused with the identity of the Member for Diego Martin East and West, and San Fernando East and, at various times, mixed up Diego Martin East and West and San Fernando East, referring to the Member for



Diego Martin East as the Minister of Planning and sometimes referring to the Member for Diego Martin East as the Leader of the Opposition and so on. Members should pay attention in this Parliament. The Member for St. Joseph was totally confused.

Dealing with the issues raised by the Member for Pointe-a-Pierre, I must say that I appreciate her efforts to reconstruct section 26(a), regarding the question of the sign being legible from any part of the premises. It is a valid point, which somehow was made by the Member for St. Joseph. The construction that we have been working on is similar to what she has come up with. Hers is a bit inelegant. Right now, we are thinking that it should be legible from the part of the premises in which the tobacco products are sold.

With regard to her suggestion on continuing offences, that is very valid, but I think it is something that can await the effluxion of time. To try to construct an amendment at this time would be difficult. This Act does allow for a fine of \$2,000 for the first offence, a fine of \$5,000 for the second offence and a fine of \$7,500 for the third. There is some attempt to create increasing fines for subsequent offences.

Regarding the suggestion of the Member on the construction of the words “for local culture and sport”, if the hon. Member for Pointe-a-Pierre would take a look at page 21 of the legislation, clause 5(10)(i), she will see that this allows a company that promotes or sponsors sporting activities to be eligible for a deduction, and a video production of sporting events could be construed as promoting sporting events. That should deal with that issue that she has raised.

With regard to why the words were left out in section 10(K), I think it was an oversight and her suggestions regarding the form of words are very constructive. Perhaps at the committee stage we can look at a different form of words. I am not sure that “promoting” is the correct word. We are looking at “encouraging” and “fostering” local culture.

Mr. Speaker, that is it. Thank you.

**Mr. Manohar Ramsaran** (*Chaguanas*): Mr. Speaker, I just stand to make one or two suggestions and to ask one or two questions of the hon. Minister.

For my clarification as the former Minister of Sport, I thought we were doing certain things to improve the quality of sport in the country. We started building stadia, allowing duty free and VAT free goods and so forth. What is happening with the rebate? To quote section 10(I):

[MR. RAMSARAN]

“Subject to section 10(h), where in a year of income commencing from the year 2003, a company promotes or sponsors sporting activities or events for sportsmen...”

In the definition, we have “sporting activities” meaning athletics, badminton and other events as may be prescribed by the Minister responsible for sports. Then it says that “sportsmen” means individuals engaged in sporting activities or events. I want the Minister to understand what I am saying so that we can have proper amendments. This rebate should be extended to clubs. We get the impression that we are sponsoring sportsmen and it is not going to clubs, football or cricket authorities to deal with the question of rebate.

In Trinidad and Tobago now, we have teams and clubs across the land not getting meaningful assistance from sponsors and so forth. Now is the time to do that. We can use this legislation to include clubs and sporting bodies. If the Minister looks at this he will see, “where a company promotes or sponsors supporting activity or sportsmen”. Sporting activity, in my thinking, is like Northern Games or Southern Games, and we sponsor that. In my opinion, it does not include clubs.

**Mr. Valley:** We are talking about a club engaged in sporting activities. The Member is talking about sporting events.

**Mr. M. Ramsaran:** I thought it would be clear. As the Member for Pointe-a-Pierre was saying, when it goes to a court, it could be misinterpreted.

I will just touch on a few other things and I want the Minister to answer these questions. In the budget presentation made by the hon. Prime Minister, free birth papers were promised. My latest check with the Registrar General’s Department is that this is not so. I would like to ask the Minister responsible why this is not so.

The other question is amnesty by Government for cars on the docks. What has happened over the last two months or so is that importers were going from customs to the court to the Ministry of Trade and Industry and nobody is clear as to what is happening. I understand from these importers that they were given a hard time. I would like the Minister to explain that to us.

We have been hearing so much about vision this evening. I would like to look at the other side of the budget presentation by the hon. Prime Minister—about the vision of Trinidad and Tobago into 2020 as a first world nation. I am still confused about what is happening in the social sector. I expected to see, in this Bill, amendments to the Old Age and Public Assistance Acts. Right now, these payments are legal as far as the law is concerned.

**Mrs. Robinson-Regis:** That is a separate legislation.

**Mr. M. Ramsaran:** I expected to see it here. I commend the hon. Minister for coming to Parliament amending cigarette and tobacco products. I think there is a definition for “premises” in the legislation. What is really important is that we look at the entry of premises, like a bar, and put it there.

I would like to hear from our hon. Prime Minister. When we look at the newspapers and see headlines like “Curfew in Laventille” and the murders that are taking place in this country, I must say to the hon. Prime Minister: when you talk about Vision 2020, I would like to hear what we are doing with crime and unemployment. How do we deal with the poor people and the various social problems in this country? When I hear that, I would feel satisfied.

In this evening’s debate, all we are hearing is about Petrotrin and the energy sector and we are here to talk about children legislation and the sporting amendment. I thought I would have heard something telling us about that. I want to ask a specific question. We heard a lot of talk from the Member for Tunapuna about youth camps and the last set of people graduated in May of last year and that there was no new intake. They are three or four months behind. All the talk we heard from the other side when they were in Opposition about youth camps and the boys on the streets, nothing has happened.

Briefly, I want to talk about another important piece of legislation. In today’s newspapers, there is mission or vision or something like that, where there were people who were incarcerated and who formed themselves into an NGO, working towards rehabilitation. We built a halfway house for children in Carapo. The Member for Tunapuna asked me what we were doing for children when they leave the St. Mary’s Home because when they left they roamed about Tunapuna and created a nuisance. I said this home was built and opened a year ago. I was appalled to read that it was transferred to the Ministry of Health. I wonder why this was so. Have we abandoned the fact that we need to deal with recidivism in our country? Have we abandoned the cause of the criminal? What is happening? I am concerned about that. I will talk about that at another time, but I want to raise it this evening. The youth camps have not been opened, when for this side it was almost an abuse and our not caring about children. Today, nobody says anything.

I always remember the Prime Minister talking about double standards by politicians. Today, I signal that and I would like, as we amend the Finance Act, to let us really take a serious look at sporting activities in this country. I do not want us to leave this House this evening not being too clear as to who will benefit from the rebate. I would want to see the sporting public, not only personalities and

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persons who sponsor big events, but clubs and other groups, be placed in the legislation so that sportsmen will be comfortable with the intervention of Members of Parliament to deal with it.

This morning on the grounds I have the honour to lead, we hosted a Trinidad and Tobago versus Barbados under-15 game. When I saw the youngsters playing cricket with such maturity, I wondered why we have not been able to encourage club development. In England, India and other countries there are clubs that are about 100 years old. In Trinidad and Tobago, there are about three that can lay claim to that. It is perhaps what has happened over time, the sponsorship and assistance. I would like to see the growth of clubs—cricket clubs, football clubs and sporting organizations. When this is done, we can truly say to our young people that we care.

Mr. Speaker, with those few words, I thank you very much.

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Mr. Speaker, I can solve a number of problems by simply saying I beg to move. I do not think that would do justice to the contributions made by Members of both sides and, therefore, in spite of the hour, I need to respond to some of the issues.

First of all, I thank all Members and congratulate most sincerely all those who have participated in this debate. When I studied British Constitution, they told me that the first reading of a bill gave notice of the intention to legislate, while the second reading was where one considered the general principles of the legislation and in the committee stage one considered the drafting of the bill. When one takes the vote on the third reading, one is saying that one agrees with the general principles and the drafting is in order. We spent some time at the second reading when we should have been considering the general principles or drafting matters. We would have ample time in committee stage to do that.

We spent some time on the energy sector, which is, of course, our most important sector. We have had responses to the issues relating to the energy sector—ExxonMobil in particular—as well as the matters relating to the drafting, and we will revisit that in a second.

I want to deal with some issues raised by the former Minister of Finance, the issues of some of the provisions made in the 2001 budget and why they were not included in this Finance Bill. Some are, as the Member recognized. Obviously, we could not take all into the Finance Bill of this year, especially, as he recognized also, that we wanted to reduce the general rate of taxation, for example, the

increase in personal deduction for senior citizens to 36,000 could not be accommodated at the same time one is reducing the overall tax rate, at least not in the first year. One would want to have some experience with the tax take before moving in that direction. I think that the 5 per cent on the savings is an oversight one might very well want to look at in the next budget.

Interest on refund: there is a team working on that. I am wearing my other hat. I am lobbying for that. I think that manufacturers ought to get their refunds as quickly as possible because the assumption of a refund is that someone's money has been taken, so it ought to be there to give back. I do not think a government ought to use business funds for its cash flow. It was the same argument in 1987. A government ought not to use its power to take away public servants' salary. One is that of employer and employee and the other of the State apparatus, government as government. Similarly, Government ought not to use its power to take someone else's cash flow or money to use for its own.

The issues of legitimate expectation, however, cannot apply, especially if one considers that Government has the ability to amend the tax law. There was also the issue of NEL. The PNM believes people ought to make their own decisions. If we give them the back pay, they have a choice to determine whether they want to purchase Unit Trust shares, whether they want to put it in Royal Bank Mutual Fund, or whether they want to buy NEL shares. That is the option they have. We believe that the market is more efficient when people have that type of choice, rather than the Government saying: "We have this, take it." Our position has always been, "We will give you your back pay, you will pay your tax and then you are free to determine whether to save and which instrument you are going to use or whether you will consume."

The other is the reduction. The former minister argued for the reduction in VAT rather than the reduction in personal income tax. If one were to do that, while reducing corporate income tax, there would be arbitrage. In other words, personal expenses would become corporate expenses or vice versa. One would so arrange one's affairs tax wise to benefit from the lower tax. It is important, at all times, to keep the marginal rate of personal income tax the same as the corporation tax. That is not doable.

Incentives for local programming, we have given via the \$450,000 deduction. The Member spoke about the whole issue of accountability and transparency, referring to the Sunday editorial. I should have responded to that Sunday editorial. That editorial argued the issue of transparency, attempting to take the Government to task for appointing some of its losing candidates to some of the boards. I cannot

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understand that logic or, perhaps, they missed the whole—[*Interruption*] Give me the opportunity to make a point because you refer to it. I did not have the time during the week to respond, so I am doing it now, hoping that my window to the world will pick it up.

The logic is that if these persons had won, they would have been made ministers. We, therefore, took those whom we considered worthy to be chairmen of the boards. The others we appointed to boards. We need to compare that to the action of the last government where they took the losing candidates and dropped them into the Parliament via the Upper House.

Dealing with the other issues of accountability, I congratulate and thank the former Minister of Finance for putting those systems in place—that is the threshold of \$5 million for Government's approval. Petrotrin's level is now higher. They made a request and it is now higher. We have a functioning Audit Committee at the Ministry of Finance and that committee, when we heard there were some issues at National Entrepreneurial Development Company, we sent men there to have a look. That is how we will be using that Audit Committee. We are convinced that it is important that there be transparency. My one regret is that this is so late in coming. [*Interruption*] His predecessor in office, as he knows, allowed a number of things to happen. I am still very much concerned about the Maritime/Winsure transaction and a number of others that we see coming out of Piarco Airport. It is a pity he was not there much earlier.

Member for Chaguanas, we are working on legislation for the amnesty and will bring the required legislation early in the new year. [*Interruption*] I want to clean the pot also.

Legislation with respect to old age pension and so forth cannot be taken in the Finance Bill. It is to be separate. I do not think there are any other issues.

**Mrs. Persad-Bissessar:** I did not want to interject in the debate to save time, but I would be very happy if you would clarify for me why, in this Finance Bill, which is a bill to provide for the variation of certain taxes and to introduce provisions of a fiscal nature on related matters, we are dealing with amendments to the Children Act, the Liquor Licence Act, none of which has anything to do with fiscal measures or variations of taxes. In the same way, the question was asked about pensions and the point was made that it was brought under different amendments. I know that those two bills are now before the Senate. Why are we amending the Children Act and Liquor Act in a finance bill here? If we look at them, they are increasing the penalties for certain offences and creating a new offence of signage. What is that happening here?

**Hon. K. Valley:** It is one of those things that were slipped in. I agree with you that it does not appear to be a matter of a financial nature or variation of a tax. It is here and we can either decide to delete it and bring separate legislation or let it be. It all depends on how urgent one considers it to be.

Mr. Speaker, I thank you most sincerely and I beg to move.

*Question put and agreed to.*

*Bill accordingly read a second time.*

*Bill committed to a committee of the whole House.*

**Hon. K. Valley:** I want to suggest, given the hour, that we take the dinner break at this time and postpone the committee stage of the Bill to after dinner. [Interruption] 9.15 p.m., Mr. Speaker?

*Question put and agreed to.*

**8.40 p.m.:** *Sitting suspended.*

**9.30 p.m.:** *Sitting resumed.*

**Mr. Speaker:** Hon. Members, the sitting will further be suspended to finish the amendments and we will resume at 9.50 p.m.

**9.36 p.m.:** *Sitting suspended.*

**9.53 p.m.:** *Sitting resumed.*

**Mr. Speaker:** The House will now resolve itself into committee.

*House in Committee.*

*Clause 1 ordered to stand part of the Bill.*

*Clause 2.*

*Question proposed, That clause 2 stand part of the Bill.*

**Mr. Valley:** Mr. Chairman, I beg to move that clause 2 be amended as follows:

2(d) In the proposed section 26A(1) delete all the words beginning with the word “Every” and ending with the word “follows:” and substitute the following:

- (1) Every vendor of tobacco products shall cause to be displayed at all times in a prominent place in that part of the premises where the

tobacco products are offered for sale, a sign, written in large bold legible upper case characters that reads as follows:

**Mrs. Persad-Bissessar:** Mr. Chairman, if I may crave your indulgence, I wish to propose a further amendment, if that is possible. At which stage should we take it, before this motion or thereafter?

**Mr. Chairman:** Before.

**Mrs. Persad-Bissessar:** I would like to move a further amendment to clause 2(a). [*Interruption*] In section 24 the amendment that is proposed in the Finance Bill is to increase penalties, but the intention for all the amendments in clause 2, I think, based on the contribution of the Member for Diego Martin Central, is to prevent the sale of tobacco and tobacco products to persons under 18 years. However, the substantive section 24 says that if any person sells to a person “apparently” under the age of 18 and, therefore, gives to the vendor a defence.

For example, if a person like the Member for Diego Martin East should turn up, the seller may say, “Well he apparently looks over the age of 18,” and would sell to him. [*Crosstalk*] He apparently looks like a person under 18 years when, in fact, he is not over 18. My humble suggestion is that we remove the word “apparently” from section 24. Therefore I propose that in clause 2 the Children Act be amended either as (a) or put it at the end of (d), the drafters could tell me; that in section 24(a)(i), (ii) and (iii), the word “apparently”, occurring in line one of section 24(b), be deleted. In this way you create a strict liability offence.

In other countries, the onus is put on the vendor to determine the age of the child. I am going to suggest the same change for liquor licences later down the road, because that one also talks about “knowingly” selling. In other countries, if you are in doubt, you require an identification card or some kind of ID to show your age. If the intention is to prevent the sale to minors, to persons under 18, my humble suggestion is to remove the word “apparently” and make this a strict offence.

**Mr. S. Panday:** It also brings it in line with the Sexual Offences Act; a specific age, unlike this word “apparently” you leave it open. It is an open-ended clause. You bring it in relation to the other statutes. [*Crosstalk*] Below the age of 14 is statutory rape. You put a definite age, 14—16.

**Mrs. Persad-Bissessar:** So we can insert that in clause (a) (iii). Do the drafters agree? [*Crosstalk*] The onus is placed on the vendor, which is what we want here out of this.

**Mr. Sharma:** Mr. Chairman, I want to raise a suggestion.



**Mr. Chairman:** You have to call the amendment for me.

**Mrs. Persad-Bissessar:** I am proposing a new subclause (iii) in section 24 by deleting the word “apparently”, so it would then read:

“The Children Act is amended—

(a) in section 24—”

Then you have (i), (ii) and now (iii) which would state:

“by deleting the word ‘apparently’.” [*Interruption*]

**Mr. Sharma:** Mr. Chairman, I want to indicate that in 2(d)(1) where it says, “a sign, written in large, bold...” so as to obtain some kind of uniformity and to avoid a chalk-written sign board, that the word “written” be changed to “printed”. [*Laughter*] [*Crosstalk*]

**Mr. Valley:** But then you have to put it up every evening.

**Mrs. Persad-Bissessar:** Printing would restrict you to print, so you will have sign painting. I think the suggestion is a good one; the intention is not to have a temporary or erasable sign. The drafters could help us.

**Mr. Sharma:** You could end up seeing it with chalk one day.

**Mr. Bereaux:** What about somebody on the side of the road selling cigarettes, and we know that happens a lot? What sign would you put there? It really does not matter; you must have the sign displayed, even if the sign is in chalk.

**Mrs. Persad-Bissessar:** But the Member has made a very valid point.

**Mr. Valley:** The important thing is that the sign is there, whether it be printed or written, you can do it with sign painting or write it in chalk; the important thing is that it must be there. I think we should leave “written”.

**Mr. S. Panday:** They might be there temporarily, like on carnival weekend.

*Question put and agreed to.*

*Clause 2, as amended, ordered to stand part of the Bill.*

*Clause 3.*

*Question proposed, That clause 3 stand part of the Bill.*

**Mr. Sharma:** Mr. Chairman, I want to raise a matter under clause 3. We met with some of the used-car dealers when the budget statement by the hon. Prime Minister was presented and the question of back pay for public servants came up.

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Many of them went to book cars, because they were expecting the back pay at a particular time. Two things happened, one, the back pay was not paid on time and, secondly, a number of these car vendors had prepared these cars for sale. If you conclude with a deadline of May 01, 2003, you would be denying a number of people the opportunity. I suggest that the deadline be extended for that purpose.

**Mr. Valley:** The deadline is not going to be extended.

**Mr. Sharma:** Why?

**Mr. Valley:** Because the deadline was supposed to be April of 2002. Effectively, the deadline is being stretched by one year. It has been moved on about three different occasions and the policy position of the Government is that it is not going to be moved.

**Mr. Sharma:** Do you think two months would make a difference of three or four months?

**Mr. Valley:** Yes, it should have been December 31.

**Mrs. Persad-Bissessar:** Can I just ask, through you Member for Diego Martin Central, the new item that you are putting in, which is now part (c), the Fourth Schedule being deleted and you substituting it, what does this work out to in terms of money? Completely built up foreign used motor vehicles, importers other than returning nationals, 75 per cent of the tax and so forth, what kind of money are we looking at?

**Mr. Valley:** It is equivalent, on the old schedule, to the importation of a two-year-old vehicle. Rather than having the sliding scale that was in the old schedule, we have taken one point; what one would have paid for importing a two-year-old and that is what it is. In terms of money it depends on the vehicle.

**Mrs. Persad-Bissessar:** Let us say that you have 75 per cent of the tax specified in subparagraph (1), what is that? What does it specify?

**Mr. Valley:** A new vehicle will pay according to the cc's.

**Mrs. Persad-Bissessar:** A new vehicle pays X dollars?

**Mr. Valley:** Yes, it is 250 per cc for some, so that if it is a 2,000 cc you would pay a particular tax for a new vehicle. For these used vehicles, it does not matter the age. Remember we have cut out the five-year-olds, it is now one to four years, you pay 75 per cent.

**Mrs. Persad-Bissessar:** What would a person with a new vehicle have to pay?

**Mr. Valley:** You are paying 75 per cent of that.

*Question put and agreed to.*

*Clause 3 ordered to stand part of the Bill.*

*Clause 4.*

*Question proposed,* That clause 4 stand part of the Bill.

**Mr. Valley:** Mr. Chairman, I beg to move that clause 4 be amended as follows:

- 4 A. Insert immediately after clause 4(a), the following paragraph:
  - (aa) in section 16, by inserting after subsection 2(d) the following paragraph:
 

“(ee) no loss incurred in connection with a guest house in any year in respect of which an allowance is granted under section 13A, shall be set off against the profits arising from any other trade, business, profession or vocation carried on by the person to whom the allowance is granted.”
- B. At clause 4(b) of the Bill in relation to the new section 18A(1) of the Income Tax Act—
  - (1) delete all the words beginning with the word “and” and ending with the word “constructs” in lines 6 and 7 and substitute the following:
 

“acquires by way or purchase or construction,”
  - (2) delete the words “purchase or construction” at the end thereof and substitute the word “acquisition”
  - (3) renumber subsection (4) as subsection (5) and insert after subsection (3), the following subsection:
 

“Where an individual acquires by way of purchase or construction a house together with one or more other individuals, the allowance under subsection (1) may be claimed by the individual in such proportion as may be determined by the owners, save that—

    - (a) the individual claiming the allowance shall satisfy the Board that he is a first time owner who occupies the house as a residence; and

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- (b) the aggregate allowance shall not exceed ten thousand dollars in any year.”
- C. At clause 4(d)(i), delete the new section 28(10)(c) of the Income Tax Act and substitute the following:
  - “(c) there shall be payable from the due date, interest at the rate of twenty per cent a year on the amount of tax remaining unpaid,”
- D. At clause 4, delete paragraph (e) and substitute the following:
  - “(e) in section 76(6), by inserting after the words ‘any other penalty provided in this Act,’ the words ‘unless the Board otherwise directs,”

**Mr. Sharma:** Mr. Chairman, in section 18(a) does this \$10,000 refer to repairs?

**Mr. Valley:** No it does not. This is for the purchase or construction of a new home, as of January 01, 2003; first time homeowner.

**Mr. Sharma:** But what you are saying is that the taxable would be up to \$10,000, so it is \$10,000 full stop?

**Mr. Valley:** Yes.

**Mr. Sharma:** Regardless of the interest on it?

**Mr. Valley:** It has nothing to do with interest; it is on the purchase price.

**Mr. Sharma:** In addition to the interest—so there is no limit to the interest?

**Mr. Valley:** There is already a mortgage interest deduction of \$18,000.

**Mr. Sharma:** And now you are giving an additional \$10,000?

**Mr. Valley:** That is right.

**Mr. Sharma:** Why did you not just raise it to \$28,000 if it is \$18,000 now? What is the purpose of the additional \$10,000?

**Mr. Valley:** While the mortgage interest would apply to everyone who owns a home at this time, this deduction will apply only to first time homeowners as of January 01, 2003, so we could not just raise it. The intent is to assist the young people in purchasing their first home.

*Question put and agreed to.*

*Clause 4, as amended, ordered to stand part of the Bill.*

*Clause 5.*

*Question proposed, That clause 5 stand part of the Bill.*

**Mr. Valley:** Mr. Chairman, I beg to move that clause 5 be amended as follows:

- 5(c) A. In the proposed section 10J insert the word “local” before the word “entertainment” in line 7.
- B. In the proposed section 10K delete all the words commencing with the word “audio” and ending with the word “reflecting” and substitute the following:  
 “its own audio, visual or video production reflecting local education, local entertainment or”
- C. At clause 5(c) in relation to the new section 10L of the Corporation Tax Act, delete subsection (2) and substitute the following subsection:  
 “(c) in the case of a production company, this company will, in addition to the deduction allowed under section 10K, also be entitled to claim an aggregate allowance of up to a maximum of four hundred and fifty thousand dollars with respect to sums paid to sporting activities and artistic works not related to its own business.”
- D. Insert the following new section:  
 “Certification by 10N. For the purposes of sections 10J and the Minister 10K the Minister shall issue a certificate in the manner prescribed, to the effect that the productions referred to therein, reflect primarily local culture, local education or local entertainment and a deduction shall not be allowed by the Board in the absence of such certificate.”
- E. At clause 5(d) in relation to the new section 19A(3) of the Corporation Tax Act, delete the words “shall waive” and substitute the words “may waive or reduce”.

**Miss Lucky:** Mr. Chairman, with respect to clause 5(c), I still want to suggest that we try to resolve this quickly, but the terminology that is used—the suggestion is that its own audio, visual or video production, reflecting local education, local entertainment. What is “reflecting local education”? My suggestion is—and I am using the word that the hon. Member for Diego Martin East likes—he suggested the word “promote” and he likes the word “reflecting”. In its own audio, visual or video production encouraging education or promoting local entertainers, because I think we want to promote the entertainers we have, and that will cover the wide spectrum of persons who promote our culture, or reflecting local culture. I think that would encapsulate not just the gist of what we want but also the word that has been suggested.

As it is here, I do not understand “reflecting local education”. How do you reflect local education? So the proposal is, at a slow pace:

“its own audio, visual or video production encouraging education or promoting local entertainers or reflecting local culture,”

And the corresponding words, if accepted, to be used in part (d), where we talk about the certification by the Minister who has to certify that such programmes fall into the category, that we use the same terminology.

**Mr. Valley:** When we consider local entertainment, we know what we mean.

**Miss Lucky:** With the greatest respect, Member for Diego Martin Central, the problem you have with local entertainment is that any programme can be said to be on television being broadcasted or on the radio for the purpose of people to be entertained. What you want in terms of local entertainment is that you are promoting our local entertainers.

**Mr. Valley:** I understand that. In Trinidad when we speak of local entertainment, we are not speaking about a show from London that is brought to Trinidad for one to watch. Local entertainment really means our calypsonians singing.

**Miss Lucky:** With the greatest respect Member for Diego Martin Central, when these things go to the courtroom, as they will—because I am just suggesting—

**Mr. Valley:** We can define it as section 5.

**Miss Lucky:** You already have a minister who is going to be giving the necessary certification, if one wants to make it clear. I am suggesting that this is the terminology that should be used, because with local entertainment, we know

what we mean, but legislation is not for those who say and understand what they mean, it is for what is meant across the board, and interpretation is critical.

I do not know what the drafters may think. They could probably give you their views, but I think this is the best of all worlds. It would also be wider. Entertainers will not only include calypsonians, but persons who are stand-up comedians. If they want to have a half an hour show, they would now be entitled to get that opportunity to go—right now they argue that they cannot go on radio or television because nobody wants to sponsor them. *[Interruption]*

**Miss Lucky:** So it would read, “promoting or reflecting local”—okay, I am just suggesting. *[Interruption]* Would you agree with that?

**Mrs. Persad-Bissessar:** What is local education? The Member’s original words left out the word “local” before “education” and that is very important. Education is education. For example, science, whatever is basic education, what is local education as versus not local education. You are not going to be able to deal with that.

**Mr. Valley:** Encouraging education, promoting or reflecting local entertainment.

**Mrs. Persad-Bissessar:** It is also changed in (d). Education is education. *[Crosstalk]*

**Mr. Valley:** “Audio, visual or video production, encouraging education or promoting or reflecting local entertainment or culture”, and we would make the required change in the other places, for example, in (d).

**Mrs. Persad-Bissessar:** I do not wish to extend this further, but education is so wide it means almost any video production I do is just for education. I am just making that point, because everything is education, so it means anytime you have an audio-visual or video production, regardless of the topic, it can come under the heading “education”. If I tell you about Angostura Bitters, it is also education. Is that what we want, that every audio-visual or video production—you understand the point? It is exceedingly wide and, therefore, every single audio-visual—

**Mr. Valley:** We take that point, but in the old days we attempted to control everything. I think we need to have some experience, we can always look at it.

**Mrs. Persad-Bissessar:** Would this also catch an advertisement? That is why I used, specifically, Angostura Bitters. Will a company or corporation that does an advertisement be caught here? It seems to me it will be, it is a production. You do an audio video about Angostura Bitters and you put it out on television; it is a

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production. Once you do it, it is a production, so it will be caught, but this is not intended to catch advertisements.

**Miss Lucky:** There are two ways to solve the problem that the Member for Siparia raised, one is that it will be dealt with when the Minister is giving the certification, who will then do the process of determining which ones fall into the category or not. If not, we will have to include the words, “not including an advertisement”. I think it is preferable to let the Minister exercise the discretion.

**Mrs. Persad-Bissessar:** The Minister has no criterion to exercise a discretion, because when you come to certification by the Minister, you are using the identical words that you would have had previously, which is the same thing about education and so forth; so, perhaps, excluding advertisement.

**Mr. Valley:** If a company is doing an advertisement for its own company, that is only a question of fact, it cannot be considered for educational purposes, I mean, it is an advertisement.

**Miss Lucky:** If not, we can solve the problem raised by the Member for Siparia in this way: “Its own audio, visual or video production, not including an advertisement” and then you put the other words.

**Mr. Valley:** If you put “not including advertisement” then you may have another example and you may end up saying “not including advertisements or this or that” and so on. Remember that the company will already have a deduction for advertisement. It is a fact that it is only 100 per cent while this is 150, but I think the Minister would have control over that, would have a discretion.

**Mrs. Seukeran:** An advertisement is a marketing tool. [*Interruption*]

**Mrs. Persad-Bissessar:** I understand all of that.

**Mrs. Seukeran:** But in a court of law your interpretation of the word “education” is very different from the word “advertisement”. [*Crosstalk*]

**Mr. Chairman:** Hon. Members, it is proposed that clause 5 be further amended to read as follows:

“Its own audio, visual or video production encouraging education or promoting or reflecting local entertainment or culture.”

**Mr. Valley:** Mr. Chairman, rather than “encouraging education” we should really talk about promoting education, that might get us closer there. [*Crosstalk*]

**Mr. Sharma:** Mr. Chairman, before you conclude this point, in recent time there has been some degree of concern about blue movies. How does this protect such harm? [*Crosstalk*]



**Mr. Chairman:** There is other legislation that deals with that, hon. Member.

**Mr. Sharma:** This does not deal with it? [*Crosstalk*] [*Laughter*]

**Mrs. Persad-Bissessar:** Member for Diego Martin Central, can I ask you please, I made this suggestion earlier, but I would like you to take it up, that before this goes to the other place if the drafters can give a little more consideration, because we are doing it ad hoc here, about being able to narrow that word “education”. Do you have a time frame? [*Crosstalk*]

**Mr. Valley:** The time frame is December 31.

**Mr. Chairman:** Hon. Members, the question is that clause 5 be amended as circulated and further amended in clause 5(b) to read:

“Its own audio, visual or video production for educational purposes or promoting or reflecting local entertainment or local culture.”

**Mr. Ramsaran:** Mr. Chairman, would clause 510I include a sporting organization? Section 10I states:

“Subject to section 10I, where in a year of income commencing from the year 2003, a company promotes or sponsors sporting activities or...”

I want to include there, “sporting clubs or sporting organizations or events or sports”. [*Crosstalk*] The Trinidad and Tobago Cricket Board might be the league, the organization, and the club might be Maple. [*Crosstalk*]

**Mr. Valley:** I think we need some time, Mr. Chairman; if it is anything we will make an amendment later on. The fear is that when you start dealing with clubs, you are opening it to real abuse. Well, not recreation clubs, as such, but a cricket club. If he gets \$10,000 and the clubs give the person a receipt for \$200,000—I mean, that is what happened with deeds of covenant; so I think we need to be careful.

**Mr. Ramsaran:** On the other hand, you want to encourage.

**Mr. Valley:** I get the point. It is a valid point you are making.

**Mr. Ramsaran:** I want to just bring on the table, when we have these sporting events, for example, you bring a boxing fight to Trinidad and Tobago and they would be getting this rebate, it is there you have the rip-off, with people taking half a million or \$2 million and wanting a rebate; whereas for a sporting club, \$100,000 might be the maximum that could be used by this club, which is not comparative at all. An event is more dangerous than a club. I understand with the deeds of covenant.

**Mr. Manning:** You have made the point and we will examine it, but we do not want to do that now in haste and then discover we have created some bigger problems later on. So let us leave it as it is now, but we will examine the point you have made and, if necessary, we will come back and amend it.

**Mr. Ramsaran:** Being the former Minister of Sports and being actively involved in cricket and sports, many people out there are expecting this assistance to help. What we have in Trinidad and Tobago at this time are teams getting together to play sports. We have about three or four cricket clubs because of the cost to keep them alive. It would be a negative signal.

**Mr. Manning:** We take the point.

**Mr. Valley:** If the Member looks at page 224 of the Bill it says:

“The Minister to whom responsibility for sport is assigned may, by Order, amend the list of sporting activities or events detailed in...”

**Mr. Ramsaran:** Again, this makes my point, sporting activities or events are distinct from assisting clubs.

**Mr. Valley:** It is a definition. What is stopping the Minister from saying that sporting activities also include the activities of a sporting club? [*Crosstalk*]

**Mr. Manning:** We have made the point that we hear what you say and we will examine it; we understand the intent. What we do not wish to do is to jump and make the amendment only to find out that we create a problem that is bigger than the one we solved. It is suggested that we move ahead as is and we will consider it and, if necessary, come back and amend it.

**Mrs. Persad-Bissessar:** The Member for Diego Martin Central thereafter suggested that his Minister of Sport could make an order that could include that. I am just saying no, given what that section says; I do not believe an order of such can be made.

*Question put and agreed to.*

*Clause 5, as amended, ordered to stand part of the Bill.*

*Clause 6.*

*Question proposed, That clause 6 stand part of the Bill.*

**Mr. Sharma:** Mr. Chairman, clause 6, section 68 where it reads “from the President”, why does it not read “from the Minister”, because in section 5 the reference is to the Minister. If you look at clause 5, section 68, you have the

Minister making the requirements and since this is an income tax matter that comes under the Board of Inland Revenue, which is under the Minister of Finance, it can be treated with by the Minister rather than the President. [*Crosstalk*]

**Mrs. Persad-Bissessar:** He is suggesting why not give that power to the Minister?

**Mr. Valley:** No, no; we would like the collective responsibility of the Cabinet to determine this. I do not want an individual, single minister to be remitting taxes.

**Mr. Sharma:** But you are getting the Minister to do almost the same thing in clause 5.

**Mr. Valley:** No, he is not. In clause 5 the Minister is merely certifying that this is a sporting activity.

**Mr. Sharma:** That can qualify for \$450,000 rebate.

**Mr. Valley:** That can qualify to accept donations.

**Mr. Sharma:** That would lead to \$450,000.

**Mr. Valley:** But there is still a check. Inland Revenue will still look at it.

**Mr. Sharma:** What is the difference here?

**Mr. Valley:** We do not want any one minister remitting taxes. [*Crosstalk*]

*Question put and agreed to.*

*Clause 6 ordered to stand part of the Bill.*

*Clause 7.*

*Question proposed, That clause 7 stand part of the Bill.*

**Mr. Sharma:** Mr. Chairman, in clause 7 where it talks about the beneficiary being a resident of Trinidad and Tobago, what happens where the beneficiary is the estate and the estate is made up of a resident or residents of Trinidad and Tobago? [*Crosstalk*] [*Laughter*] Oftentimes, the beneficiary identified in most of these matters is always estate; that is the point I am arguing.

**Mr. Valley:** Mr. Chairman, I wonder whether the hon. Member can help me? What clause 7 is saying is that if the policyholder is over 60 years, there will be no insurance premium tax; that is all this is saying. What is this issue about beneficiary? I do not understand.

**Mr. Sharma:** No, no; listen, you are saying that where the beneficiary—

**Mr. Valley:** Where the policyholder, not the beneficiary. Where are you seeing beneficiary?

**Mr. Sharma:** In the insurance policy for beneficiary you either have a named person or estate. [*Crosstalk*]

**Mr. Valley:** This here contemplates a living policyholder who exceeds 60 years. The policyholder is alive and he is over 60 years. He does not have to pay the insurance premium tax; it does not say anything about beneficiary. Beneficiary comes in only when the policyholder dies, so we are talking about a living policyholder.

*Question put and agreed to.*

*Clause 7 ordered to stand part of the Bill.*

*Clause 8.*

*Question proposed, That clause 8 stand part of the Bill.*

**Mrs. Persad-Bissessar:** Mr. Chairman, I would like to propose an amendment to clause 9 similar to what we did in clause 2. In this clause the new section 60(1), sale of intoxicating liquor to children, reads:

“A person who knowingly sells or allows another person to sell...”

I would like the word “knowingly” to be deleted for the same reason that we removed this *mens rea* and made it into a strict liability offence. So what would happen then is that we would now have an amendment to clause 8.

**Mr. Valley:** This is saying that the person knowingly sells.

**Mrs. Persad-Bissessar:** Again, the same question of the age arises. [*Crosstalk*] We come back to the same point, “I didn’t know.” The Member for Diego Martin Central looks like 30 years old, he does not look like 16 years old. It is the same issue that we dealt with concerning the tobacco. “I did not know”; a loophole again for the vendor. It is the same point.

**Mr. Beraux:** What happens if it is a vending machine?

**Mr. S. Panday:** The person operating the vending machine would be liable.

**Mrs. Persad-Bissessar:** How are you going to catch that person in any case? This is dealing with liquor now. With the tobacco, how were you going to catch the person selling to the child under 18? It is the same point. [*Crosstalk*]

**Mr. Imbert:** Member for Siparia, suppose somebody tenders a false ID and the person is apparently over the age of 18 years and you sell him/her the alcohol? Are you at fault?

**Mrs. Persad-Bissessar:** But then if we move it from here, then we have to go back and put it in the other clause in the Children's Act. If you leave it here you are conflicting with what you did before.

**Mr. Chairman:** Hon. Members, the question is that clause 8 be amended by deletion of the word "knowingly", appearing in the second sentence.

**Mrs. Persad-Bissessar:** Does this also have the problem with the signage? Did you make the change as you did with the one with the tobacco? Did you circulate an amendment here?

**Miss Lucky:** Mr. Chairman, before you make that particular amendment—and I am all for us being as strict as we can. By removing the word "knowingly" we are making this a strict liability offence, we know, but more than that, with the sale of liquor, it means that even if somebody did all that they could do to get—in other words, I am selling, somebody comes and presents an ID to me and it is a false ID. I want to commend the vendor for at least asking. It means it is a strict liability offence.

What worries me is that when you look at the penalties for first, second and third conviction, one can argue in strict liability offences that, certainly, for the plea in mitigation, the defence counsel is going to say, "Well you know, they didn't know," so the magistrate may say no fine. The reality is that there is a conviction recorded. I am just suggesting, when one is dealing with changing offences to strict liability, with the greatest respect to Trinidad and Tobago, those other jurisdictions have infrastructure that we do not have. I think that until we get that level of infrastructure and so on, let us really not put such a great onus on vendors.

It means you are also making a person vicariously liable; I just want to point out, "A person who sells or allows another person to sell". So I have the liquor store, but I give it to an employee to sell, now I am vicariously liable. I am just pointing out, Mr. Chairman, I would be very worried for us to remove the word "knowingly" as I was, I must admit, worried when we removed the word "apparently". I know it has already passed, but for this one, I think we should leave "knowingly". I am just pointing out that I feel we should leave the word "knowingly".

A person might have been selling and he/she saw a young child coming who, obviously, could not have been over 18 years; we bring that evidence. I just want to point out that this is strict and vicarious liability. I am worried.

**Mrs. Persad-Bissessar:** You could deal with the vicarious liability separate from strict liability; the person who sells versus the person who allows the person to sell. If your objection is with respect to the vicarious liability, that can be solved. [*Crosstalk*]

**Miss Lucky:** I just want to maintain my position; I do not think that we should move the word “knowingly”.

**Mr. Chairman:** The word “knowingly” is left. [*Crosstalk*]

**Mr. S. Panday:** Mr. Chairman, section 4 of the parent Act says under the heading “Juvenile Smoking”:

“If any person sells to a person apparently under the age of 16...”  
[*Interruption*]

**Mr. Valley:** [*Inaudible*] to sell intoxicating liquor that shall cause to be displayed at all times in a prominent place in that part of the premises where the liquor is sold—[*Interruption*—where the liquor is offered for sale—[*Interruption*—a sign, written in large bold, legible, upper case characters that reads as follows. Okay?

*Question put and agreed to.*

*Clause 8, as amended, ordered to stand part of the Bill.*

*Clause 9.*

*Question proposed, that clause 9 stand part of the Bill.*

**Mr. Valley:** Mr. Speaker, I beg to move that clause 9 be amended as follows:

9(b)

in relation to the new section 1A of the Income Tax (In Aid of Industry) Act

Delete the word “therein” and substitute the word “herein”.

9(c)

in relation to the proposal to repeal section 2 of the Income Tax (In Aid of Industry) Act

Renumber the new section 2(1) and (2) as section 2(2) and (3) and insert the following:

“(1) In this Act, references to a year of assessment shall be construed as references to a former year of assessment or, as the circumstances require, a year of income, and references to years of assessment shall be construed accordingly.”

*Question put and agreed to.*

*Clause 9, as amended, ordered to stand part of the Bill.*

*Clause 10.*

*Question proposed, That clause 10 stand part of the Bill.*

**Mr. Sharma:** Mr. Chairman, the Minister indicated that clause 10 would have dealt with penalties for late payments for health surcharge; that is by the employee. What happens when the employer fails to pay? [*Crosstalk*]

**Mr. Chairman:** What you are proposing has nothing to do with clause 10.

**Mr. Sharma:** That is what was said when the presentation was made.

*Question put and agreed to.*

*Clause 10 ordered to stand part of the Bill.*

*Clause 11.*

*Question proposed, That clause 11 stand part of the Bill.*

**Mrs. Persad-Bissessar:** Mr. Chairman, what this does is to allow you to do assessments for people six years after the income tax period, those people who normally escaped. This is the amendment to the value added tax. They could have escaped, because the tax period had ended. You are now saying that you can assess them six years after the end of that tax period.

**Mr. Valley:** No, three years.

**Mrs. Persad-Bissessar:** That is the first one. Six years from the end of the tax period to which the assessment relates, that is (a); (b) says from the date of filing of the return. Those are two different points. What happens there? Is there a statutory cut-off date?

**Mr. Valley:** This mirrors what happens for income tax.

**Mrs. Persad-Bissessar:** This is VAT.

**Mr. Valley:** I know, but I am saying that is a similar provision—

**Mrs. Persad-Bissessar:** As for tax; I agree with the proposal. I want to suggest something else that should be here, but I need to have it clarified first so I know that I am on the right pathway. Is there a cut-off date for the filing of a VAT return, that is to say, it must be done by the 30<sup>th</sup> of each year?

**Mr. Valley:** That is right. No, no; a VAT return must be filed in two-month periods; if it is late then you pay penalty and interest from that point.

**Mrs. Persad-Bissessar:** Can you verify that there is, in fact, a penalty?

**Dr. Rafeeq:** There is a penalty and there is interest as well.

**Mrs. Persad-Bissessar:** This is why people were able to file their return late and escape an assessment.

**Mr. Valley:** This would apply in a situation where the person avoided getting on to the roll for a six-year period; it is just outside of it. As long as it is on, then they will keep tabs on you.

**Mrs. Persad-Bissessar:** The penalty is insufficient, that is why he could wait until he goes outside the period. [*Crosstalk*]

**Mr. Valley:** I can tell you that the penalty is rather stiff, and the interest. In this Bill we are increasing the interest to 20 per cent.

**Mrs. Persad-Bissessar:** Thank you for your explanation.

*Question put and agreed to.*

*Clause 11 ordered to stand part of the Bill.*

**10.50 p.m.**

*Clause 2 recommitted.*

*Question again proposed, That clause 2 stand part of the Bill.*

**Mr. Valley:** Mr. Chairman, there is some further discussion on the issue of the amendment proposed on clause 2(a)(iii) the effect of deleting the word “apparently” in the parent legislation.

**Mrs. Persad-Bissessar:** I would humbly suggest that we delete the word “apparently” and insert instead the word “knowingly”.

**Mr. Valley:** The comment here is that the word “apparently” to be referred to the age of the child appears consistently in several sections of the Children’s Act.

**Mrs. Persad-Bissessar:** No, we are dealing with Part II. It appears only on two occasions which is: 24 “...if the person sells to someone apparently...” and 25 “...if a person appears to be apparently...”

**Mr. Valley:** As you know, Member, I am not a lawyer, but the advice I have is that it is also in section 45 of the Children’s Act.

**Mrs. Persad-Bissessar:** Your amendments here are with respect to trying to prevent people selling tobacco to children who are under 18 years.



**Mr. Valley:** Well, I will have to be guided.

**Miss Lucky:** There is another problem and I want to know if the drafters can assist me. I have just seen it in the section where we are making it an offence to sell tobacco products to individuals under the age of 18. The parent Act, section 24 makes it an offence to sell tobacco products to a person under 16 years.

**Mrs. Persad-Bissessar:** Member for Pointe-a-Pierre, that was amended by Act 36 of 2000.

**Miss Lucky:** So it is making it 18 years, so the issue is just the word “apparently”? Sorry. I did not see the amendment here.

**Mrs. Persad-Bissessar:** I am outvoted by the majority. I really take strong objection to it.

**Miss Lucky:** Leave the word “apparently”.

**Mrs. Persad-Bissessar:** Let me make one more point on that before you go. The word “apparently” is on appearances. The word “knowingly” puts a greater duty of care on the vendor.

**Mr. S. Panday:** The word “apparently” just changes it from an objective to a subjective test. It does not affect it, so leave it. Leave the word “apparently”.

**Mrs. Persad-Bissessar:** My own Members on the Back Bench outvote me. What can I say? Leave it, but I am not happy with it.

**Mr. Chairman:** Hon. Members, I beg to move that clause 2(a) be amended by deleting 2(a)(iii).

*Question put and agreed to.*

*Recommitted clause 2, as amended, ordered to stand part of the Bill.*

*Question put and agreed to, That the Bill, as amended, be reported to the House.*

*House resumed.*

*Bill reported, with amendment, read the third time and passed.*

#### ADJOURNMENT

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Mr. Speaker, as I rise to move the adjournment of the House, I am conscious of the fact that this is our final sitting before the festive season and, therefore, it behoves me to wish my colleagues on the other side of the House the compliments of the season.

**Felicitations**

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Mr. Speaker, this has been a short sitting for the Parliament, it ought not to have been like that. In the year of 12 months, we have sat only for two months, but we do not hold it against our friends on the other side especially given the results that we got on October 07, 2002. We love them all the same.

Quite honestly, I think, as you know, we have always enjoyed the camaraderie in this House that we are able to disagree without becoming disagreeable, to deal with the issues of the country in a professional manner and still be able to break bread or have a beverage—as I am sure we would afterwards—is of course evidence of the ladies and gentlemen who are Members of this Chamber.

It is that camaraderie, the feeling of goodwill in this festive season, that permits me to rise and wish all Members on the other side all the best for the holy season and a bright and prosperous 2003 when we would come again to do the nation's bidding.

I now beg to move that this House do now adjourn to a date to be fixed.

**Mr. Ganga Singh (Caroni East):** Mr. Speaker, I, too, join with the Leader of Government Business, in wishing you and your family a happy and holy Christmas and wish every Member of this honourable House that same kind of sentiment with respect to the holidays.

Mr. Speaker, I take the opportunity also to wish the Clerk and members of staff of the Parliament a happy and holy Christmas season, and to the technocrats who have supported us in making such important legislation that was passed today, similar sentiments.

I wish to take this opportunity to wish Members of the other place—and we are very fortunate to have a representative here, notwithstanding the lateness of the hour, doing her duty—a happy and holy season and the national community at large.

Mr. Speaker, it is our hope that the holiday season will be joyful, safe, and secure and, like the Member for Diego Martin Central expressed, that once it is safe, secure and joyful, we will be back in January to do the nation's work.

Thank you.

**The Prime Minister and Minister of Finance (Hon. Patrick Manning):** Mr. Speaker, I just want to crave your indulgence to express my own sentiments

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to you and your family for the Christmas holidays and wish you a bright and prosperous New Year. Also to all Members of this honourable House and through this House, to all members of the national community, a holy and a peaceful Christmas season.

**Mr. Speaker:** Hon. Members, I wish to thank you all for your kind expressions of felicitations for the Christmas season. I, too, on behalf of my family and on my own behalf, wish to extend to you and your family, and to members of the parliamentary staff a holy and joyous season, and I look forward to the work of the Parliament for the advancement of our citizens in the New Year. I wish every one of you and members of your family a happy and prosperous New Year and that we all will enjoy good health.

As an aside, whilst we are tied up quite late, before I move the adjournment I want to remind Members of the Opposition Benches that I would like you all to join me after the sitting for some refreshments.

I also wish to remind you of the post-election seminar which will be held in Trinidad at the Chambers Building in Westmoorings during the period 13—15 January, 2003. I am appealing to Members on the Opposition and Government Benches to pay particular attention to this seminar, which is very important. I know the constraints of Government Ministers, but I hope that those who can find it possible to attend would do so.

There are two matters that I have given leave to raise on the adjournment of the House and I now call on the Member for Siparia.

### **Independent Counsel**

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Mr. Speaker, you know this is a matter which was deferred from the previous sitting which was some two weeks ago and quite honestly, the Attorney General was not aware that she was supposed to be here this afternoon [*Interruption*] as it slips most of us.

Mr. Speaker, given the spirit of the season I will have to ask the Member for Siparia to once more indulge us and we would deal with the matter at the next sitting.

**Mrs. K. Persad-Bissessar:** Mr. Speaker, just for the record, you may recall this motion was raised under Standing Order 12 as a matter of definite urgent public importance. Leave was not given to us to raise it then and since then, every week there is some reason it is not taken.

*Independent Counsel*  
[MRS. PERSAD-BISSESSAR]

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I trust in the New Year, in the event that I am not in this Chamber, that this motion will be done by somebody in the Chamber and the hon. Attorney General will be here to respond to it because it is a matter that is very important in my respectful view and it is unfortunate.

I will seek your guidance in terms of the Standing Order, if we have a motion, and we cannot get the Minister to respond. I think on the last occasion she was here and she left before, they said she was indisposed. On this occasion, I would not repeat what I was told outside the Chamber as to why she is not here, so I do ask next year that we can get it off the ground.

Thank you, Mr. Speaker.

**Mr. Speaker:** Hon. Members, the Leader of Government Business has indicated that this motion will be debated and heard on the next sitting of the House.

I now call upon the Member for Caroni East.

### **Flooding**

**Mr. Ganga Singh** (*Caroni East*): Mr. Speaker, I am pleased to raise this matter at this late hour notwithstanding the yuletide season. It is very important that we get some measure of response from the Government with respect to the motion which appears before this honourable House, that is to say, the failure of the Government and/or agents to provide compensation and relief for victims of the floods of November 05 and 13, 2002.

Mr. Speaker, this motion on the adjournment was prompted by a newspaper article, dated Wednesday December 11, 2002 on page 10 of *The Wire* newspaper. The headline of the article written by Camille Bethel reads: "Flood relief \$\$ ready" and I will read into the record what this article had to say. It says:

"Government is set to bring relief to flood victims across the country, having now allocated funds to help them back on their feet.

This was the word from Minister of Public Utilities and the Environment, Senator Rennie Dumas, on Monday.

Dumas made the revelation while speaking at the opening ceremony of the Regional Training Workshop on Nutrient Removal Technologies and Wastewater Management at Hilton Trinidad.

Dumas said that the allocation of funds to the flood victims had already been approved by Cabinet and 'the question is now what are the administrative measures in the distribution, for allowing people to claim?'

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This is being done, Dumas said, through the local Government authorities and the Ministry of Local Government, Ministry of Finance and the Ministry of Culture.

He said that corrective measures are also being pursued by the Government, including the implementation of complete drainage systems in the affected areas.”

Mr. Speaker, you may recall that I had brought a matter under Standing Order 12 dealing with the flooding that took place during this period and, of course, you suggested, as you did to the Member for Siparia, that it should come under Standing Order 11. Having regard to this statement, I called the Tunapuna/Piarco Regional Corporation to find out how can my constituents access the flood relief which was promised by Minister Dumas and, unfortunately, the bureaucrats at the Tunapuna/Piarco Regional Corporation were not aware.

I then called the Chaguanas Borough Corporation. They too were not aware on how to access the compensation which the Minister promised and so, too, is the Couva/Tabaquite/Talparo Regional Corporation.

Therefore, I thought that in the spirit of the yuletide season, the hon. Minister will inform us so that we can inform our constituents how they can get some measure of relief to the trauma, material damage and significant losses which they suffered.

Mr. Speaker, I know that the hon. Member for Ortoire/Mayaro in a statement to this honourable House had indicated that there was an allocation of \$20 million. I know, from reading the newspaper reports, that the National Emergency Management Agency (NEMA) has indicated from their assessment that it is running into something like \$45 million and they are still counting.

I really would like the hon. Minister to indicate what is the process and how we can advise our constituents on how to access the relief by Minister Dumas.

Thank you.

**The Minister in the Office of the Prime Minister (Sen. The Hon. Christine Kangaloo):** Mr. Speaker, I wish to respond to the motion moved by the hon. Member for Caroni East where he accused this Government and its agents of failing to provide compensation in relief for victims of the floods on November 05 and 13, 2002.

Mr. Speaker, permit me to apprise Members of this House on the actions taken thus far. Since the unfortunate occurrence of flooding on November 05 and

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13, 2002, public officials from several ministries including, the Office of the Prime Minister and Social Services Delivery, the Ministries of Health, Local Government, National Security, Works and Transport and Agriculture, Land and Marine Resources have been engaged in assisting victims in returning their lives to some measure of normalcy.

Together these ministries have been working tirelessly to provide assistance and relief to the victims. We have been attempting to provide this assistance in a holistic and organized manner to ensure that no one was left out.

Assistance relief provided so far sought to address the material, emotional, social and psychological needs of persons affected. Hon. Members of this House are advised that in order to determine the nature of assistance and relief required, damage assessment need analysis teams from the Port of Spain City Corporations and all other corporations conducted house-to-house assessments.

Additionally, assessments have been done throughout the affected areas by staff of the Office of the Prime Minister and Social Services Delivery and we have been assisted in this exercise by the village councils and NGOs. Based on these assessments and reports submitted by the various teams, and even information provided by Members on the opposite side, this Government to date has provided assistance and relief as follows.

Under the Social Help and Rehabilitation Efforts Programme (SHARE) of my ministry, 760 hampers have been provided at a total cost of \$76,715.40. These hampers have been distributed in 50 areas mainly Marabella, St. Margaret's, Claxton Bay, Gasparillo, Maracas, St. Joseph, Arouca, St. Augustine, Coora Village, Perseverance, Todds Road, Caparo Village, Kelly Village, St. Helena Village, Mamoral, Bamboo Settlement, Munroe Road, Endeavour, Welcome, Carlsen Field, Ragonanan Road, Welcome, La Paille Village, Caroni, Frederick Settlement, Caroni Savannah Road, Montrose, Edinburgh 500.

On November 15, 2002, 250 cooked meals were prepared by three relief centres and transported by the cadet force to the St. Helena School for distribution to residents affected by the floods. The Social Welfare Division Office of the Prime Minister, Social Services Delivery purchased and distributed 200 mattresses and blankets to residents of St. Helena, Kelly Village at a total cost of \$48,700.

The National Family Services Division Office of the Prime Minister Social Services Delivery actively assisted in evacuating three families from Manzanilla North and is currently seeking alternative housing for these persons. The division

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has also offered counselling to residents in Maracas, St. Joseph, Macoya, Bamboo Settlement, St. Helena, Sangre Grande, Manzanilla and has made referrals to other organizations and divisions as necessary.

The regional corporations in conjunction with the Ministry of Works and Transport initiated the clearing of waterways in the St. Joseph, Valsayn area shortly after the flooding. This clearing facilitated the outflow of floodwater in the areas affected between the periods 13—15 November, 2002.

The Ministry of Local Government is continuing its rehabilitative efforts. The regional corporations in consultation with the Ministry of Health cleared cesspits and sprayed the affected areas. The Ministry of Health has since advised now that the water table has dropped, there is no need for further action.

NEMA provided emergency supplies of food and bedding to affected areas in Couva and the Tunapuna/Piarco regions at a total cost of \$11,300. Mr. Speaker, the Government continues to receive requests for assistance from victims and the respective ministries and agencies continue to respond as quickly as possible.

The Member for Chaguanas in a *Newsday* article of December 09, 2002 is quoted as saying:

“We thought the entire village would have been given hampers because the entire village was covered with water. They chose a few people and delivered the hampers.”

Mr. Speaker, I want to inform this esteemed House that senior officials of my ministry visited the areas of St. Helena, Frederick Settlement, Caroni, Munroe Road, Carlsen Field, Coora Village, Montrose, Enterprise, Freeport, Ragoonanan Road, Welcome, Macoya and Valsayn and had discussions with the residents to determine their needs.

In addition, senior officials of the ministry also met with the villagers of Frederick Settlement and the said Member of Parliament for Chaguanas on November 18, 2002 to discuss their situation. The villagers articulated their concerns and indicated that they wanted food hampers, mattresses, and to have their appliances and household articles that were destroyed in the floods replaced. Apart from that, their main concerns were to have drains cleared, cesspits cleaned and their surroundings sprayed. The villagers themselves identified the areas in the village that were directly affected by the floods. They also identified which residents required hampers. Added to that, as I said earlier, teams went house-to-house to determine what assistance was needed. Not everyone needed hampers and, therefore, hampers were distributed on the basis of need.

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Mr. Speaker, I now turn to the issue of compensation. Members of this House may recall that following the flood of December 2001, the then UNC government decided to pay the sum of \$1,000 in cash to affected families. The sum of \$4 million was disbursed through this exercise. The areas affected at that time were Sangre Grande, Tunapuna/Piarco, San Juan/Laventille, Couva/Tabaquite/Talparo, Chaguanas and Rio Claro. About 25 per cent of the persons who were affected then are again victims of the recent flood.

There is no indication of the formula used by the Government of the day in determining this quantum figure. This Government wishes to adopt a more precise and scientific approach, that is why the hon. Prime Minister appointed a committee chaired by the Director of Family Services of my ministry and who is also chairperson of the Social and Voluntary Services Task Force of the National Emergency Management Agency to discuss and report to the hon. Prime Minister on the nature of the claims received, the basis for relief, the criteria to be used for assistance and the assistance recommended.

Representatives from the following agencies/departments formed the committee: Ministry of Agriculture, Land and Marine Resources, Ministry of Works and Transport, Ministry of Local Government, Ministry of National Security, Office of the Prime Minister, Social Services Delivery.

So far, this committee has received over 2,100 claims, some of which were submitted by Members on the opposite side on behalf of their constituents. Over 500 of the claims are yet to be verified by the respective regional corporations. These include claims from Longdenville, Mamoral, Kelly Village, Caroni, Frederick Settlement and Bejucal/Warren Road. The task is proving to be very challenging and time-consuming. The committee has spent a great deal of time comparing the claims received from the different agencies especially when there was disparity in the extent of losses and amounts claimed.

Mr. Speaker, the committee is working assiduously to complete its assignment, but while it is doing so, additional claims are coming in every day and, while this Government is mindful of the losses suffered by citizens, until the committee finishes its work, this Government cannot at this time make a clear statement on the nature of any further assistance it would provide to victims of the flood.

Thank you.

*Question put and agreed to.*

*House adjourned accordingly.*

*Adjourned at 11.20 p.m.*