

*Leave of Absence**Monday, October 17, 2005***HOUSE OF REPRESENTATIVES***Monday, October 17, 2005*

The House met at 1.30 p.m.

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

**Mr. Speaker:** Hon. Members, I have received communications from the following Members: Mr. Harry Partap (Nariva) and Mr. Kelvin Ramnath (Couva South). The leave which these Members seek is granted.

**SESSIONAL SELECT COMMITTEES  
(APPOINTMENT OF)**

**Mr. Speaker:** Hon. Members, I wish to announce the appointment of the following Sessional Select Committees.

**Standing Orders Committee**

Mr. Barendra Sinanan	Chairman
Mrs. Camille Robinson-Regis	Member
Mr. Fitzgerald Hinds	Member
Mr. Hedwige Bereaux	Member
Miss Gillian Lucky	Member
Mr. Harry Partap	Member
Dr. Fuad Khan	Member

**House Committee**

Mr. Kenneth Valley	Chairman
Mr. Colm Imbert	Member
Mrs. Eudine Job-Davis	Member
Mr. Anthony Roberts	Member
Mr. Ganga Singh	Member
Dr. Adesh Nanan	Member

**Committee of Privileges**

Mr. Barendra Sinanan	Chairman
Mrs. Camille Robinson-Regis	Member
Miss Penelope Beckles	Member
Mr. John Rahael	Member
Mrs. Kamla Persad-Bissessar	Member
Mr. Subhas Panday	Member

**Regulations Committee**

Mr. Barendra Sinanan	Chairman
Mr. Roger Boynes	Member
Mr. Stanford Callender	Member
Mr. Fitzgerald Hinds	Member
Mr. Harry Partap	Member
Dr. Roodal Moonilal	Member

**STUDENTS IN PUBLIC GALERY**

**Mr. Speaker:** Hon. Members, I wish to draw your attention to the fact that in the public gallery we have students from different colleges in the island, both from Trinidad and Tobago, who will be participating in the Youth Parliament on Monday, October 24, 2005. You will be in receipt—if not yet—during the course of today's sitting of an invitation to attend the Youth Parliament which commences at 12.30 p.m. on Monday, October 24, 2005.

I am hoping that all Members of the House of Representatives will make it their duty to attend this Fourth Youth Parliament to see our youth display their debating skills and to also see the youth, being future parliamentarians of this great nation of Trinidad and Tobago, participate in a debate on a motion.

Once again I urge you, all Members of Parliament, to attend the Youth Parliament on Monday, October 24, 2005 at 12.30 p.m. [*Desk thumping*]

**PAPERS LAID**

1. Annual audited financial statements of the Export/Import Bank of Trinidad and Tobago Limited for the year ended December 31, 2004. [*The Minister of*

*Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley)]*

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

2. Annual report of the Judicial and Legal Service Commission, 2004. [*Hon. K. Valley*]

**DEFINITE URGENT MATTER  
(LEAVE)**

**Horrifying Bombing in St. James**

**Mrs. Kamla Persad-Bissessar** (*Siparia*): Mr. Speaker, in accordance with Standing Order No. 12 of the House, I hereby seek your leave to move the adjournment of the House for the purpose of discussing a definite matter of urgent public importance, namely: the horrifying bombing in St. James on Friday, October 15, 2005.

The matter is definite in that it pertains to a specific criminal act. The matter is urgent because it points to a new threat and danger to life and property of the citizens of Trinidad and Tobago.

The matter is of public importance because the bomb blast gravely injured several persons causing damage, destruction and disruption. There is widespread fear of a recurrence of bomb blasts in public places.

**Mr. Speaker:** Hon Members, I considered the Motion raised by the hon. Member for Siparia and I deem it sufficiently urgent for discussion in the House. Is the wish of the House to discuss this matter?

[*Assent indicated*]

In that case this matter will be stood down and will be taken at 6.00 p.m.

**PRODUCTION OF CANE (AMDT.) BILL**

Bill to amend the Production of Cane Act, Chap. 64:01 to introduce a new system for the pricing of cane [*The Minister of Agriculture, Land and Marine Resources*]; read the first time.

**PROVISIONAL COLLECTION OF TAXES ORDER**

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

*Whereas* it is provided by section 3(1) of the Provisional Collection of Taxes Act, Chap. 74:01, (hereinafter called "the Act") that where proposals for general or supplementary appropriation of public funds are made to the House of

*Provisional Collection of Taxes Order*  
[HON. K. VALLEY]

*Monday, October 17, 2005*

Representatives and are embodied in the appropriation or supplementary appropriation bill, the President may, for the purpose of raising revenue to meet the expenditure specified in any such bill, by Order, provide for the imposition of a tax or the variation of an existing tax and from the date of the publication of the Order in the *Gazette*, the tax as imposed or varied shall be payable:

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

*And whereas* the Provisional Collection of Taxes Order, 2005, made under section 3 of the Act, provided for the variation of taxes in the written laws mentioned in the said Order to the extent and in the manner set out therein, for the purpose of raising revenue to meet the expenditure specified in the Bill entitled "An Act to provide for the service of Trinidad and Tobago for the financial year ending on the 30th day of September 2006":

*And whereas* the said Order commenced on the 28th day of September, 2005:

*And whereas* it is expedient to confirm the said Order:

*Be it resolved* that the Provisional Collection of Taxes Order, 2005 be confirmed.

Subject to the modifications circulated.

Mr. Speaker, the Order before us is for the confirmation of certain proposals contained in the budget presented by the Minister of Finance on September 28, 2005. The matters dealt with by this Order pertain to the reduction of the rates of tax for both corporate taxpayers and individual taxpayers to 25 per cent.

The increase in the personal allowance for individuals from \$25,000 to \$60,000, and here, Mr. Speaker, one would note that in the budget of last year that personal allowance, effectively, for persons earning up to \$25,000 was, in fact, raised to \$30,000 but for the rest of the population the personal allowance, in effect, remained at \$25,000 and hence this is why the reference is made to \$25,000 rather than to \$30,000.

In this Order the personal allowance would be increased to \$60,000. The Order also contains the removal of a number of deductions currently enjoyed by the taxpayer. It deals also with the repeal of the Road Improvement Tax, the reduction in the rate of custom duties payable on certain basic food items, the removal of the exemption enjoyed by free-zone companies and the removal of

exception from tax enjoyed by financial institutions providing financing to tourism projects.

Mr. Speaker, I will now consider these measures in some detail. The taxation regime in Trinidad and Tobago, as Members know, has focused over the years on the generous use of tax incentives in the form of tax holidays and allowances. Some of them are being granted on an ad hoc basis and the impact of these incentives of the tax structure has resulted in the narrowing of the tax base and it has, in effect, produced a tax system that is becoming extremely complex to administer, given the current economic structure and the capabilities of the tax administration.

Despite this, Mr. Speaker, this country's fiscal position has improved within recent times, largely owing to favourable international energy prices and an increase in natural gas production. The tax revenue structure for Trinidad and Tobago from 2003/2004 revealed that the total tax yield, including oil and gas royalties was somewhere in the vicinity of some \$19.3 billion or 24.4 per cent of GDP which, of course, is acceptable by any standard. However, Mr. Speaker, when royalties and taxes from the energy sector are excluded, the tax yield is approximately 15 per cent, which is relatively low in developing countries.

Mr. Speaker, taxes on individual and corporate income generate approximately 62.3 per cent of our total tax income. More than half of this is contributed by corporations and withholding tax paid by the energy sector. The non-energy corporation tax revenues are about 1.6 per cent of non-energy GDP which, of course, is low and the ratio of personal income tax to GDP is dominated by the PAYE system which accounts for more than 90 per cent of personal income tax revenues.

#### **1.45 p.m.**

In light of the current fiscal and economic environment, it is proposed that the tax structure be reformed in order that our taxation system may move closer to performing at its fullest potential and the reform strategy advocates keeping the tax mix and tax levels closer to international standards best practice and is guided by the following principles:

1. Strengthening and expanding the tax base, reducing tax breaks and improving the buoyancy and predictability of tax revenues.

2. Ensuring that the tax system is regionally and internationally competitive and is in line with international best practice.
3. Ensuring that the tax system does not discourage savings and investments and reducing the dependency on tax incentives to encourage investment.

New age thinking; not the thinking of the 1960s and 1970s where the feeling was that one could have used the Income Tax Act to do anything that one wanted. That thinking has been changed in the modern paradigm.

4. Promoting stability of the tax system and encouraging compliance.
5. Having an acute awareness of the local and regional context.

As part of the reform exercise for the non-energy tax regime in Trinidad and Tobago, the following measures have been included in this Provisional Collection of Taxes Order. As I said, first of all, the reduction in tax rates for individuals and corporations.

In reaffirming Government's commitment to simplifying the non-energy tax regime, improving its efficiency and making the tax administration easy and more transparent, it is proposed to replace the two existing rates of tax with a flat tax of 25 per cent. It is expected that the combination of a flat tax with the elimination of specified allowances would yield many economic benefits and simplify a tax system that is fraught with complexity. These measures would relieve the administration of the burden of requiring taxpayers to substantiate many claims, and would go a long way in expediting the processing of returns. These measures are to be found at paragraph 2(r) and 3(g) of the Order.

Secondly, the increase in personal allowance as mentioned before would move from \$25,000 to \$60,000. This significant increase in the personal allowance should cover the number of other tax deductions that has crowded the tax system and this measure can be found at paragraph 2(a)(ii) and 2(f) of the Order which amends section 8(1)K and section 18(1) and (2) of the Income Tax Act. In determining an appropriate level of the personal allowance to be granted to individual taxpayers the Government took into consideration the following factors:

1. That the personal allowance should be increased to 11 which is roughly equal to nominal per capita GDP of between two to four times the minimum wage rate of \$9.00 per hour;

2. The need to rely heavily on itemized allowances to assist low income individuals should be minimized, if not discontinued thereby reducing the cost of administering the taxation system.

As a result of the increase in the basic personal allowance, the following family-related allowances would be eliminated with effect from January 01, 2006. The first one is the removal of the mortgage interest deduction. Deduction of mortgage interest payments would be removed since it is expected that the enhanced personal allowance would cover this benefit. This measure is reflected in paragraph 2(b) of the Order which repeals subsections (3)—(11) of section 10 of the Income Tax Act.

I think this is an appropriate time where I should mention that the Government is considering maintaining the allowance for the tertiary educational payment for residents making payments to foreign tertiary institutions. As Members know, within four months of the budget one has to come with the Finance Act and we are expected to come with the Finance Bill before the end of the year, and that matter would be dealt with then.

Mr. Speaker, as you know, the Government has stated clearly that there would be free tertiary education with respect to the public as well as the private institutions in Trinidad and Tobago, and the Government is looking at providing a tax benefit to persons wishing to have their children educated abroad. Of course, the policy at this time is that those children would not qualify for the free tertiary education. As I said a definite statement would be made on that within the Finance Bill.

The special deduction for first-time homeowners is going to be deleted also. It would no longer be available for first-time homeowners with respect from January 01, 2006. It is intended that the allowance be discontinued for owners who purchased their first home whether before or after January 01; the deduction is going. One would know either last year or 2003, that the Government provided a benefit for the young middle-class persons who bought their homes. They were allowed a deduction of \$10,000 per year over a five-year period. That is now going to be abolished because the \$60,000 personal exemption would have taken that into consideration and that is, the Order before us does not reflect that and it is taken into consideration as part of the modifications which have been circulated.

The credit union allowance. One was brought in since we came back into Government, but in our cleaning up that is included within the \$60,000 limit and

that can be found at paragraph 2(h) of the Order. Simple things such as the child allowance; obviously, if you are getting \$60,000 personal allowance you would not also receive child allowance. That is removed as at paragraph 2(i) of the Order which amends section 20(3) of the Income Tax Act.

Withdrawals from pension funds and deferred annuity plans. Mr. Speaker, the Income Tax Act at present provides for a person under the age of 41 to withdraw from a pension fund plan or deferred annuity plan an amount not exceeding 10 per cent of the purchase price of a home for the purpose of making a down payment on the property without any tax penalty. Withdrawals may be made from the plan up to now but this benefit would no longer be available to first-time homeowners with respect from January 01, 2006. One would find that provision 2(j)(i), (ii), (iv) and (v) and at paragraph (k) of the Order.

Immediate annuities, of course, must be distinguished from an approved or registered annuity. An immediate annuity is a situation in which one has a lump sum of moneys and goes to an insurance company and says I want an annuity commencing now for the rest of my life or for some period.

Mr. Speaker, as the budget indicated, that tax on immediate annuities would be abolished. In effect, normally the interest element would be taxed. But as you know in Trinidad and Tobago interest income is tax free so far and, therefore, to be consistent the interest income included within the immediate annuity that also would be free of tax. It is different from the approved annuity which we would deal with in a while. Of course, I should mention that individuals can still claim the \$12,000 in respect of contributions or premium on pension funds and deferred annuities. So the deduction with respect to saving for retirement is maintained. There would also be an increase in tax on refund of contributions or premiums to an annuity or pension plan.

Let me explain what is happening here. First of all, the Government is looking at portability. The budget talks about allowing an individual to move his pension plan from one company to another as he changes jobs. Under the current situation if one were to move from one job to another, if the plan is not vested as yet, there is a return of contributions and that is at present taxed at 10 per cent. After the plan is vested then one has to stop the withdrawal or he can make pension plans a bit smaller to when he gets to retirement. If the plan is vested and he wants to withdraw he is taxed 25 per cent and that is in part settlement because what has to happen is he has to bring those funds into income and he pays tax at his marginal rate. We are saying we should have portability so even if the plan is not vested rather than a return of contribution, that funds can be rolled over into a



new plan with the employer with whom he has gone to work, or in annuity with a life insurance company. Using that approach then there is no reason for a difference in taxation, 10 and 25 per cent, so that there would be an increase in this 10 per cent tax on a return of premiums and that would now be a standard 25 per cent and as a fact, 25 per cent part payment because one has to bring it into income. It does not matter now because the tax rate in any case is 25 per cent. That is what is happening. The tax rate on withdrawals of contributions for return of premium would be the same. There is no distinction because the beneficiary now has the right to roll over his plan into another plan and so avoid taxation altogether.

**2.00 p.m.**

That is contained at paragraph 2(j)(iv) and (vi) of the Order. That is with respect to the taxation. With respect to the portability of funds, that is reflected at 2(j)(vii) of the Order.

The opportunity was also taken to increase the quantum of pension benefits that could be commuted. Under the current law, a pension fund or deferred annuity plan cannot make provision for the surrender, commutation or assignment of the plan. This notwithstanding, the entire annuity can be commuted to a lump sum if the monthly value of the annuity is less than \$65. If the annuity I bought will provide me with a maximum of \$65 a month, rather than waiting monthly to collect that \$65, I can take the present value of that stream of payment in a lump sum. That is the current rule.

The change in the Order would now increase that to \$500. So that, if the annuity you are supposed to be getting from your pension plan or life insurance plan is up to \$500 a month, you can tell the trustee to commute that to a lump sum benefit. Rather than having to wait monthly for the next 15 or 20 years for that, take the current value of that stream of payment in a lump sum, without incurring any tax penalties. That is now contained at 2(j)(iii) of the Order.

With respect to small approved companies, this is still taxable—note the word “approved”—because a number of small companies are not approved. I cannot benefit from that, Mr. Speaker. I have a small company, but it is not approved. That is still taxable, but approved small companies would now be tax free; will pay zero rate of tax for a five-year period. That is contained at paragraph 3(a), (g) and (h) of the Order.

ESOPS—this is one a number of persons commented on, but this is really dealing with tax on an international basis—international best practice. Basically,

one is taxed on worldwide income and the tax relates to your income, which can be in kind—your compensation package. At present, shares allocated to an employee under an employee's profit-sharing plan may be transferred by the trustee of the plan, to either the employee, his nominee, upon retirement or upon the death of the personal representative of the employee. In such a case no income will be considered to have accrued to the beneficial owner of the shares transferred. Shares may be transferred to the employee prior to retirement whilst the person is still in the employment of the employer or upon the leaving the employment for any reason other than retirement or death.

In such a case, the market value of the shares at the date of transfer will be treated as income accruing to the beneficial owner of the shares and are currently separately charged to tax at a reduced rate of tax. This is what is changing. It is now simply added to one's income and taxed at the flat rate of tax.

It is important to note that the allocation of shares to employees under the profit-sharing plan is part of the remuneration package of the employee. There is no requirement for the employee to make contributions to the plan. He does not actually put out cash for the allocation of these shares and, therefore, it is simply his income in another form. When the shares are actually transferred to the employee, the value of those shares should be considered a benefit in kind in respect of which tax is paid.

In an effort to encourage savings for retirement, the value of these shares transferred upon retirement is specifically not considered a part of the income of the employee for tax purposes. However, if he wants to call in the shares allocated to him before retirement, a reduced rate of tax has traditionally been applied to the value of those transferred shares and, as I said, the Government sees no justification for the consideration of this preferential tax treatment and, as such, the normal rate of tax will be applied to shares transferred. This measure is reflected at paragraph 2(1) of the Order and will take effect from January 01, 2006. Of course, the other issue is the stock option plan. Let me signal that the Government is also examining the tax treatment to be applied to this type of transaction, which will be addressed in the Finance Bill.

Other benefits in kind, as I said, is the basic tax principal which requires that all expenses incurred by an employer in providing benefits to a director or employee to be subject to tax where the monetary value of such benefit value is not reimbursed by the employee. That is the general principle. If one makes a loan to an employee and it is forgiven, that is, in effect, salary. If one makes a loan at 3 per cent when the market rate is 10 per cent, the difference is, in fact, a

benefit and is part of the person's salary. That is all that we have attempted to do in looking at the Tax Act and cleaning up—reducing rates to try to make sense out of the Tax Act.

Loans to employees that are forgiven would be treated as income. With regard to low interest loans to employees—the difference between the market rate as determined by the Central Bank—I may signal that consideration is being given to a rate that is really sub-market, around 6 per cent, so that to the extent that the employee receives a loan lower than 6 per cent, then he pays the difference between the 6 per cent and the rate that is charged is considered income in the hands of the employee.

**Mrs. Persad-Bissessar:** Why do you want to do that? If it is a benefit to an employee in an organization that he gets a loan at a lower interest rate, just as in a business place you get something in kind. That may be in the nature of kind. Why do you want him to pay tax on that?

**Hon. K. Valley:** Benefits in kinds are taxable worldwide. That is international best practice. Really the State is being generous saying we will use the rate of 6 per cent. If you get a 1 per cent loan, then the difference between the 1 per cent and the 6 per cent is income. It is accruing to you as an employee and it is taxable worldwide. If an employee is working elsewhere and he is getting groceries, then that is a benefit in kind and the value of that is really taxable. It is income. So, there are two aspects. [*Interruption*]

Then we will have to capture it as long as we can find a way. The issues always is how easy it is to police properly.

**Mr. B. Panday:** Hon. Minister, Members of Parliament receive a benefit for the purchase of vehicles. Are those regarded as income?

**Hon. K. Valley:** There are two things there. The Act relates to persons in business and commerce. I do not think you are in business. I do not know. I am not in business or commerce.

Secondly, that is part of the consideration that one took into account by setting the rate at 6 per cent. Your rate is 6 per cent, is it not?

**Mr. B. Panday:** Actually I was talking about the tax and duty exemptions that he gets on the purchase of a vehicle. Are those regarded as a benefit in kind?

**Hon. K. Valley:** No, you are not going to be taxed on that. As I mentioned, it is also proposed that written off loans be taxed as cash payments. You will find that in paragraph 2(o) of the Order.

Wear and tear on motor vehicles and equipment, again this is modernizing a provision that is already in the law. The current situation is that where a motor vehicle or any equipment is leased or acquired and thereafter made available for the private use of directors or employees, the benefit is deemed to be a perquisite and treated as emolument income for tax purposes. The value of the perquisite is, in the case where the asset is acquired, 1 per cent of the cost of acquisition per month and, in the case where the asset is leased, 33 1/3 per cent of the monthly rental value of the assets.

As the law now stands, a tax advantage would accrue to both employer and direct employee where a motor vehicle is leased as opposed to being acquired, since the full cost of leasing the vehicle is a deductible expense. It is proposed to remove the current \$100,000 limitation on the wear and tear allowed on the acquisition of a private motor vehicle, in other words, the depreciation, and to calculate such wear and tear against the actual value of the motor vehicle. In other words, it is now going to be fully depreciated whereas before one could have depreciated only up to \$100,000.

However, vehicles acquired prior to the commencement of this provision will continue to be written down from the \$100,000 value stipulated in the existing legislation. Further, the value of the perquisite will be increased to 50 per cent of the annual wear and tear, that is depreciation charged on the asset where it has been acquired and 50 of the annual rental value where it has been leased.

This measure is designed to reflect more accurately the value of the perquisites received by the directors and employees and would require amendments to section 11 and section 134 of the Income Tax Act, with effect from January 01, 2006. Members will find this measure in paragraph 2(c)(ii)(p) of the Order, as modified.

On housing accommodation, the same applies for a benefit in kind. Here it is proposed that the benefit be taxed by reference to the fair rental value of the property. The fair market rental will be defined as the value of the rent which the property can obtain in open market between unrelated parties. This measure can be found at paragraph 2(q) of Order as modified.

**2.15 p.m.**

**Mrs. Persad-Bissessar:** Hon. Minister, likewise, with the housing allowance received by Government Ministers: Would it fall within that net?

**Hon. K. Valley:** You know, I would have to look at that to see whether it is limited to business and commerce also but you know that—Was it not taxed in your time?

**Mrs. Persad-Bissessar:** I do not know.

**Hon. K. Valley:** I would enquire, because the fact that you could ask that question suggests that, perhaps, it was not taxed in your time.

**Mr. Manning:** They owe us some money.

**Mrs. Persad-Bissessar:** I never took the allowance.

**Hon. K. Valley:** You never took the allowance and you never paid tax so the benefit in kind was never brought into income. In other words, you had a house and, therefore, that benefit in kind was never brought into income.

**Mrs. Persad-Bissessar:** I do not know whether it was taxed.

**Hon. K. Valley:** You still owe tax because the benefit in kind should have been brought into income. Mr. Speaker, we are making the assurance doubly sure by putting this provision in. A housing allowance is taxed, and if your employer provides you with housing accommodation, the fair rental value of that accommodation is subjected to tax.

Annuities provided by employees: When an employer incurs expenses in providing pension or annuity benefits on behalf of its employees, the value of those expenses is not subjected to tax where the pension or annuity policies are approved by the Board of Inland Revenue in accordance with the provision of section 134(6)(b) of the Income Tax Act. In order to encourage employers to make larger contributions towards their employees' retirement income, section 134(6)(b) of the Income Tax Act was amended in 2003 to allow employers to claim up to one-third of the employee's chargeable income. In 2003 that was moved to one-third of chargeable income.

Mr. Speaker, given the increases in allowances to \$60,000, the Government thought that the chargeable income was no longer an appropriate base and, therefore, the amendment here is to move it to the gross income base. We have now set it at 20 per cent of the gross income of the employee. Basically, that is what it is.

Equity investment in hotels: Given the other incentives, this is going to be abolished. This is a provision that was included in the Income Tax Act of 1994, which allowed a maximum of 25 per cent of the investment made for a hotel or a tourism project to be deducted. The return on the equity investment injected into hotels by individuals are already exempted from tax, and considering the healthy concessions enjoyed by hotels under the Tourism Development Act, it is proposed

that the 25 per cent equity investment deduction, currently granted to hotel investors, be eliminated with effect from January 01, 2006. This measure is at paragraph 2(e) and 3(i) of the Order and will repeal section 13(a) of the Income Tax Act.

**Dr. Nanan:** Is it true that the Tourism Development Act only speaks to the owner and operator whereas this provision speaks to any person who wants to invest in a hotel project?

**Hon. K. Valley:** That is correct. The fundamental point that is being made, with respect to the credit unions and so forth, is that the Tax Act ought not to be telling the individual where to invest and where not to invest. That ought to be the individual's decision.

Reform measures: There are one or two issues that are in the Tax Act which were never used or which were used very seldom. One of the issues is the provision which allows local authorities to operate to trade and be exempted from tax. I do not know which local authority ever used this provision. In the interest of fair competition, it is desirable that local authorities, if they desire to carry on trade or business, be required to pay tax on its profit in much the same way as taxpayers in the private sector.

The tax exemption for the trading income of local authorities would therefore be removed. I do not think it was ever used. This measure would require the repeal of section 6(1)(c) of the Corporation Tax Act. This can be found at paragraph 3(b) of the Order.

Preferential release: This is the concept of uplift given your tax deduction is more than you pay. There are two areas: one relating to arts, sports and culture and so forth and the other one to employment. In the case of arts and culture, the uplift was some 50 per cent; in the case of employment, I think, it was about 100 per cent.

The existing legislation provides tax relief at preferential rates for specified expenses or enterprises. However, this form of relief is contrary to the objective of simplifying the tax structure and removing distortions.

In keeping with good international practice, and not seeking to influence the judgment of commercial enterprise, the following measures would be introduced:

- (a) The 50 per cent uplift on expenditure incurred in the promotion of arts, sports and culture, as well as expenses incurred for training and retraining up to a maximum of \$1 million will be removed with effect from

January 01, 2006. As such, the allowance claimed will be limited to the actual expenditure incurred, 100 per cent, in the year of income. This measure is at paragraph 3(d) of the Order and will take effect from January 01, 2006.

- (b) International experience supports the view that attempts to tie reliefs to marginal increases in employment bring many risks and complications, either through abuse by employers or by the inclusion of restrictions which make the reliefs unattractive. The 100 per cent uplift for marginal additions in employment and apprenticeship allowance will therefore be removed. It should be noted that the actual expenses relating to the employment of these workers or apprentices may, at any rate, be claimed by a company as expenses wholly and exclusively incurred in their production of the income of a company and may legitimately be claimed as a deduction. This measure is at paragraph 2(s) and 3(c) of the Order.

Tax exemptions on interest on lending to tourism, agriculture and small business and housing would be removed with effect from January 01, 2006. These measures are at paragraph 2(a)(i) and (m), paragraph 3(b)(k) and paragraph 7 of the Order.

The deduction of 10 per cent of the net increase of loans made by financial institutions to approve small companies will no longer be available to financial institutions from January 01, 2006 in computing their chargeable profits. This measure is at paragraph 3(c) of the Order.

The 15 per cent deduction for capital expenditure incurred by approved property companies in the construction of commercial buildings would be removed with effect from January 01, 2006. This measure is at paragraph 3(f) of the Order and will repeal section 16 of the Corporation Tax Act.

The corporation tax holiday for free zones will no longer be available to new investments. Of course, the indirect tax privileges such as import duty and value added tax exemptions would be maintained. This measure will require an amendment to section 33 of the Trinidad and Tobago Free Zones Act 1988 with effect from January 01, 2006, and is referred to at paragraph 6 of the Order.

The Road Improvement Tax: Paragraph 4 of the Order would repeal part 10 of the Miscellaneous Taxes Act. Part 10 deals with the Road Improvement Tax which has been incorporated into the Petroleum Excise Tax regime with effect

*Provisional Collection of Taxes Order*  
[HON. K. VALLEY]

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from October 01, 2005. This matter would be discussed when the new arrangements relating to the excise duty is discussed later this afternoon by my colleague, the Minister of Energy and Energy Industries.

Moneys which are currently in the Road Improvement Fund will continue to be used to finance the repair, maintenance and improvement of roads in Trinidad and Tobago until the moneys are exhausted. The repair and maintenance of roads would simultaneously be financed by withdrawals from the Consolidated Fund. For example, the maintenance of roads in Port of Spain is being met under the Ministry of Local Government from a central vote.

In the case of the other corporations, road maintenance would be met from a provision for local roads and bridges. Similar works would be undertaken by the Ministry of Works and Transport to the tune of \$300 million. A further \$104 million has been allocated under the Capital Programme for roads and bridges.

Mr. Speaker, I move next to the reduction in customs duties on certain basic food items which are contained at paragraph 5 of the Order. The items mentioned in this paragraph are about seven of 30 items which are earmarked for CET reduction, subject to the approval of Caricom. As a member of the Caribbean Community, Trinidad and Tobago must follow the procedures established by Caricom. Over the years, there have been varying viewpoints expressed on the proper procedures to be followed.

Mr. Speaker, in order to get the procedure clarified once and for all, the Government has been having discussions with officials from the Caricom Secretariat. As a fact, last week, I invited the person with this responsibility to Trinidad because there has been some toing and froing relating to items which were supposed to be exempted since last year. We have now got it clarified. We have seven items which can be reduced unilaterally. In other words, no Caricom approval is required and the other 23 items would require the approval of COTED, and until we obtain that, the duties on those items cannot be reduced. On some of those items the signals are that it might be difficult to get approval, such as rice.

In concluding, let me say that this Order is only a first step toward reforming the taxation system in the country. Despite the numerous tax incentives contained in the legislation, the tax base has narrowed and the system of taxation has reached a level of complexity which is disproportionate to the economic structure and the capabilities of the tax administration.

We propose to introduce further measures in the Finance Bill which is expected to be laid, as I said, before the end of the year. Therefore, with these few



words, I beg to move that the Provisional Collection of Taxes Order 2005, as modified, be confirmed by this House.

I thank you. [*Desk thumping*]

*Question proposed.*

**Mrs. Kamla Persad-Bissessar** (*Siparia*): Mr. Speaker, thank you. The measure that we are engaged in debating is clearly one to raise revenue, as the Motion read by the hon. Member for Diego Martin makes it very clear.

*Whereas* it is provided by section 3(1) of the Provisional Collection of Taxes Act...where proposals for general or supplementary appropriation of public funds are made to the House of Representatives and are embodied in an appropriation or a supplementary appropriation bill, the President may, for the purpose of raising revenue to meet the expenditure specified in any such Bill, by Order, provide for the imposition of a tax or the variation of an existing tax...

**Mr. Valley:** Excuse me, just a correction. Mr. Speaker, it continues to say:

*And whereas* it is provided by section 3(5) of the Act that an Order varying an existing tax...

So it is either to raise or to vary tax.

**Mrs. K. Persad-Bissessar:** I am not disputing that.

**Mr. Valley:** What I am saying is that the provision under this Order is not to raise revenue but to vary tax. It provides on a net basis, \$1.7 billion to the population. I made the point in the debate that the Government has found a way to give every employee a salary increase, because if his employer had to do a similar thing, their spending would have been \$2.5 billion which, of course, would have been inflationary. So we are releasing a further \$1.7 billion into the economy via this tax package.

**Mrs. K. Persad-Bissessar:** I have no dispute with what you are saying. I am making the point that the measure that we are debating has to do with the raising of revenue either by way of variation of a tax or imposition of a new tax. At the end of the day, the moneys that you are speaking about—on the ESOP and other loans and so forth—are revenue. Where will it go? It goes into the Consolidated Fund. So, in effect, it is for raising revenue. That is the only thing that you can do.

You can do it by way of a variation; that is why I have no dispute with that, but at the end of the day, whatever variations are made, what comes in, in effect, goes into the Consolidated Fund. Once it goes there, what is it? It is nothing else but revenue.

**2.30 p.m.**

Mr. Speaker, I want to ask the Member for Diego Martin Central, whether it is true that he has met with members of the Magistracy to discuss tax-free cars, tax-free salaries and diplomatic passports? We are not talking about taxes, we are talking about revenue and where the revenue will be put. My information is that Minister Valley met with three members of the Magistracy. Perhaps, we could use the same language that was used with respect to the Member for Diego Martin West—that the Member for Diego Martin Central, in meeting with those persons, discussed salary benefits, tax-free cars and tax-free salaries—that the Minister acted without discretion. It is totally inappropriate. In fact, it is a breach of the law, for a Minister in the position of Minister Valley, to meet with the individual members of the Magistracy—not the association, and even that would have been wrong—to discuss benefits to the magistrates. It is totally out of order in a society that is grounded and founded on the rule of law. A Government Minister cannot bargain with individual members of the Magistracy. If this is so, then the Minister has acted totally improperly.

There is a Magistrates' Association and if any representations are to be made, they are to be made by that association to the relevant authorities, not the Minister of Trade and Industry and the Minister in the Ministry of Finance.

I have with me a letter, signed by a member of the Magistracy, dated October 06, 2005, confirming that they met with Ministers of Government and that these Ministers of Government had advised that they needed to actively pursue demands. I would give way if the Member for Diego Martin Central would tell us if he met with these three magistrates. In what capacity did he so do? I will give way and allow him to answer.

**Mr. Manning:** I would like to answer it. It could not be in the capacity of any tax concession because tax, as you know, is a matter for the Minister of Finance.

**Mrs. K. Persad-Bissessar:** I saw the Minister in the Ministry spent from 1.30 p.m. until 2.30 p.m. almost one hour, telling this Parliament about variation of taxes and revenue. I do not see why. The Member is here. Again, I ask him to tell this Parliament if he did indeed meet with individual members of the Magistracy.

**Mr. Valley:** Mr. Speaker, as a representative of the people, I have never been in the habit of discussing who comes to see me, or what they come to see me about. I am a Member of Parliament. I am a representative of the people. I go all about. People want to see me. What they talk with me will remain confidential. That is how I conduct my business as a representative of the people. It is nobody's business, as far as I am concerned, with whom a Member of Parliament meets. That is the job of the representatives.

**Mr. Singh:** If you are undermining the Judiciary in the process?

**Mrs. K. Persad-Bissessar:** This week, I believe, in the Supreme Court, the Chief Justice is embattled in a court matter. We are speaking about interference by a member of the Executive in the Magistracy. It is very clear. For the Member for Diego Martin Central to say: "I am free to meet with whom I meet, when and where I meet." I am not asking him what the conversation was about. I know what the conversation was about. I am asking him to confirm or deny the reports that as a member of the Executive, he met with members of the Magistracy. If that is the case, the Member has not said yes or no, he said that he can meet who he wants, where he wants and when he wants. My information is that he did. Following upon those meetings one of those magistrates wrote a letter to other magistrates and said as follows:

"The personnel committee of the association is in the process of drawing further proposals to advocate for improved terms and conditions. The committee has been informed by various authorities including Ministers of Government. We need to actively pursue our demands."

Mr. Speaker, our democracy is founded on the rule of law. We are not here about the rule of the jungle where the mightiest and the strongest survive. We are about the rule of law. Where a Minister of Government is meeting three individual magistrates, to talk to them about tax-free cars and tax-free salaries, is totally improper. He says that he can talk to whomever he wants, where he wants and how he wants, but it is against the law.

The Public Service Commission Regulations, which govern the Magistracy, states in section 75:

"An officer shall not solicit the intervention or influence of Members of Parliament, Ministers, members of the Commission or prominent members of the community to support or advance claims in the service."

Any meeting that this Minister causes to happen, attended—yes, we live in a free country but he is constrained in terms of the discussion. We meet magistrates but

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it was totally—is not just improper; it is illegal. It is in breach of the regulations. Such should never take place by this particular Minister. He knows better than that.

The question goes further. Did the Minister then advance those claims to the Government? Were those claims taken forward? The matter is compounded by the fact that the Attorney General, just a week prior to that, turned down the requests of the magistrates, by letter dated September 14. Here the Attorney General is the conduit for these claims, but it is being taken up by another Minister in the Government. It is totally improper and out of place. The Member for La Brea will bear this out. Magistrates cannot go cap in hand to Ministers of Government, where court cases will come.

With respect to the Dhansook allegations, I understand that the matter is before the DPP and recommendations are being made to lay charges against an official, with respect to those bribery investigations. A Member of the Government comes before a magistrate and here we have the same Member, colleagues and cohorts of his in the Cabinet promoting tax-free salaries, tax-free cars and diplomatic passports on their behalf. You will not be acting in the course of justice. The point is that you will have Ministers of Government intimidating or holding influence over the quality of life and the terms and conditions of the magistrates. The Judiciary has to be kept separate from the Executive. The Member for Diego Martin Central has breached that separation of powers. Magistrates must now go cap in hand to Ministers of Government to beg for salary increases. Nothing is wrong with those magistrates; they deserve every cent they can get. When this Minister was approached—they should not go cap in hand, there is enough money in this \$34 billion budget to help the magistrates', cause—the Minister should have sent those persons to the proper conduit, not the Member for Diego Martin Central. That was totally improper behaviour on his part.

**Mr. Valley:** How does the Member know what the Minister said when he was approached?

**Mr. Singh:** So you were approached?

**Mr. Valley:** I am assuming. If in fact the Minister was approached, how does the Member know what transpires between a representative and an individual, when the representative is approached?

**Mrs. K. Persad-Bissessar:** It is very simple, really. Somebody told somebody. It is very simple. When you have a conversation with your leader and the conversation is reported elsewhere, it is either you talked or he talked, or both of you talked.

[*Interruption*] Do you really think that I look like I am fighting? Ask your leader, does it look like I am fighting?

**Mr. Speaker:** Please, order. Hon. Member for Siparia, I think you have made the point. If you want to pursue this matter, may I suggest you file a substantive motion. Let us get on with the order before us.

**Mrs. K. Persad-Bissessar:** I am guided, Mr. Speaker, but I just want to point out to the Members for Diego Martin Central and San Fernando East that I have no intention of vacating my seat in the future, unless it is by an act of God. If there are vacant seats here. There is no fight. I have no intention, unless it is an act of God. [*Interruption*] You can come with all kinds of ways, forms and fashions. [*Interruption*] Involuntarily, yes.

Mr. Speaker, in dealing with the Provisional Collection of Taxes Order, I looked at the income tax measures, changes and allowances, which were mentioned by the Member for Diego Martin Central, where we are seeing the Income Tax Act being amended to increase the personal allowance from \$25,000 to \$60,000 and for persons 60 years and over, the increase would be from \$40,000 to \$60,000. For all persons, it will be \$60,000 as an allowance.

On the other hand, whilst the Government is making this a tax-free allowance on the right side, on the left side it is removing other allowances that taxpayers once had, these include the \$1,200 child allowance in respect of maintenance payments made to a spouse or former spouse, the \$18,000 mortgage interest deduction, the \$10,000 per annum deduction for first-time homeowners for the first five years of acquisition and the \$10,000 deduction in respect of the net increase in credit union shares. On the one hand, the Government is saying that we are all going to have a \$60,000 tax-free allowance, but all these other allowances that we once had we will do away with those individual ones and just have this block.

At first glance, the personal allowance appears to be very generous and it is likely to produce significant benefits to taxpayers in general. However, when you juxtapose that with the removal of these other allowances and deductions, the combined effect of the measures is that many taxpayers will not realize a net benefit from the increase in the personal allowance. When the two go together—whereas at first it appears that I am getting this big lump sum and a free tax allowance—what in effect is going to happen is that many, many taxpayers will not realize a net benefit. It looks good on paper but, in effect, when implemented, together, that benefit will not accrue to the citizens and taxpayers. Indeed, there

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may be a negative impact for persons over 60 years who took advantage of those claims, since they will receive a \$20,000 increase in their allowance, but in expense of potentially much more in the deduction of the other allowances.

With respect to the removal, especially of the \$10,000 deduction for the credit unions, this is one of the few incentives to promote savings, PriceWaterhouseCoopers is of the view that this is likely to have a negative impact on the levels of deposits with credit unions, which their preliminary review has revealed, increased significantly since this measure was reintroduced in 2002.

**2.45 p.m.**

So what they are saying is, when this measure was reintroduced in 2002 there was a significant increase in savings in credit unions, and therefore they are suggesting that this removal of this reduction would have a negative impact on deposits in credit unions. I wonder if this was taken into account and what was the rationale then. In your winding up, if you can indicate what is the rationale for it, where there appears to be some concern with respect to that.

**Mr. Manning:** The same rationale.

**Mrs. K. Persad-Bissessar:** Hon. Prime Minister, I do not know what you mean by the same rationale, if you want to tell us.

**Mr. Manning:** No, that is all right.

**Mrs. K. Persad-Bissessar:** Okay, well in your winding up, you can indicate.

**Hon. Member:** We are not dealing with Dookeran.

**Mrs. K. Persad-Bissessar:** Why are you so concerned about who I am dealing with on my side, worry about your side? Let me tell you something, any day you see your Prime Minister pull that date out of his back pocket and drop it, we would be ready for a general election. So do not worry. Any day, any day. [*Desk thumping*] [*Crosstalk*] We are not afraid of any of you. Any day, we, we, you would find out. So stay out of our business. Any day now.

**Dr. Rowley:** Humpty-Dumpty fall off the wall.

**Mrs. K. Persad-Bissessar:** With respect to Humpty-Dumpty fell off the wall, I am being told. I have a very, very serious concern, because I want to know who is the humpty-dumpty that fell off the wall. I picked up this newspaper yesterday: "Rowley acted without discretion". Mr. Speaker, you would recall, and I am raising this in taxes; we are raising revenue and I would show you how it is

relevant; because we are talking about revenue; revenue lost to the Government of Trinidad and Tobago. When this matter was raised in this Parliament by the Member for Caroni East, several things happened. The hon. Member for San Fernando East acted very promptly, indeed. Set up the commission of enquiry, referred it to the Integrity Commission, and on. Subsequent to that, the commission of enquiry report was received by the Prime Minister—he confirmed that.

In the last session, I brought a matter of urgent public importance, asking the Prime Minister to honour his promise to lay the report in the Parliament. The hon. Prime Minister promised again; yes, I would lay the report in Parliament. Has it been laid?

**Mr. Manning:** Mr. Speaker, I just want to reassure the hon. Member for Siparia for yet another time that the report will be laid in the Parliament.

**Mrs. K. Persad-Bissessar:** You see, Mr. Speaker, I was very concerned, the promises have been made in this House and outside of it, that this report would be laid in the Parliament. And so it will be laid, it will be laid, it will be laid; I promise, I promise, I promise. Up to now the promise has not been honoured. I do not know if this report now is true.

**Mr. Valley:** Mr. Speaker, I can report as Leader of the House that I have already instructed the parliamentary staff that the Cabinet has asked that this report be laid in Parliament; that can be confirmed.

**Mrs. K. Persad-Bissessar:** You see, this is months after the receipt of it. It still has not reached the Parliament, but it has reached to the newspapers. Now, we do not know—it is a very important issue, with due respect—

**Mr. Speaker:** I do not know, you have not related it yet. Perhaps you could get to that quickly.

**Mrs. K. Persad-Bissessar:** Mr. Speaker, with due respect, this matter is very relevant to the debate today; we are dealing with the raising of revenues. revenues which go into the Consolidated Fund of the Government, of the coffers of Trinidad and Tobago. That revenue is then spent on doing what? Building hospitals; building schools; fixing roads, and therefore we have a right to require and to ask, where it is allegations have been made, very serious allegations have been—about where revenue went—sand and gravel to be exact—how it went; where it went; who is involved. Mr. Speaker, with due respect, I am saying it is related to revenue matters.

**Mr. Speaker:** And I think you did ask a question and the hon. Prime Minister said the report will be laid and I think the Leader of the House did say that he has

instructed whoever to have the report submitted to the Parliament, and I would imagine at the next Sitting or thereabouts, it would be available.

**Mrs. K. Persad-Bissessar:** Mr. Speaker, I do not understand why you are assuming that I am going to ask that question again. That is not my intention. I have asked the question, they have said that they would lay it; my further questions are: How did it find its way into the newspaper? And if it is, how did it find its way into a newspaper before it reached the Parliament? That is the point; the disrespect to the Parliament. After the promises of laying it in the Parliament, only after you send it to everybody out there, you then come to say: I have instructed the people to lay the report in Parliament. Disrespect; disrespect to the Parliament.

The length of time that report has been sitting there, I had raised the question: Is it; has it; was it sanitized in the length of time that it was sitting there? And it still has not reached here. What does this report mean, Mr. Speaker? What further steps would Government be taking? This is the revenue of the people of Trinidad and Tobago. So, you lay the report; what next? I recall with other reports people were charged before the courts; commission of enquiry reports come in; people were charged. Is it sufficient then that you are laying this report in Parliament or is it going to go to the Director of Public Prosecutions (DPP); is it going to go to Fraud Squad? Which is what we have been asking all along. Here it is that this report, if it is the report that is reported in the *Newsday*, that wrongdoing—it vindicates what MP Ganga Singh had said last year in the budget debate. The report, if this is so, vindicates what he said. Therefore, the further question is: Lay it in Parliament; but what next are you going to do, where serious allegations of wrongdoing are evident on the face of the report?

Mr. Speaker, I think the Member for Diego Martin West, I would kindly ask through you, that he stops interfering with me. Because you see, when it is that hundreds of citizens in this country were dying; murdered and kidnapped, he said nothing. He said absolutely nothing! When it is that one citizen got his head cut off—and we should not be using that—that is when he came into this Parliament and start to play “bad John” for the Commissioner of Police; shouting at the Commissioner of Police; he never said a word before. All the citizens murdered, kidnapped; the crime out of control, not a word, but he comes to play “bad John” saying the Commissioner is not doing his work. So, now the Commissioner is doing his work, from the time—

**Dr. Rowley:** You need medical attention. [*Crosstalk*]



**Mr. Speaker:** Hon. Member, please, please. Hon. Members, please. Perhaps the hon. Member is asking for some measure of protection, I think, and by sort of crosstalk you are leading her astray and then I would have to intervene. So, hon. Member please, come back to the Order before us.

**Mrs. K. Persad-Bissessar:** Thank you, thank you, Mr. Speaker. You see, I do not want to talk to him about school girls in Tobago, I asked him again, through you—

**Dr. Rowley:** What about schools girls in Tobago?

**Mrs. K. Persad-Bissessar:** I do not wish to bring up those matters here. So, Mr. Speaker, can we please ask the Member to behave himself?

**Hon. Member:** What you know about school girls in Tobago?

**Mr. Speaker:** Hon. Member for Diego Martin West, the hon. Member is asking for protection. Please, let her make her contribution.

**Dr. Rowley:** She is talking about school girls.

**Mr. Speaker:** You may have your opportunity to reply—75 minutes.

**Dr. Rowley:** I do not want to waste time with that. She has nothing to say, she is just grumbling.

**Mr. Speaker:** Hon. Member, please, I think what you need to do is get back to the Order and forget the crosstalk.

**Hon. Member:** Still, what is this about school girls in Tobago? I never hear anything about that; that was before I came here.

**Mrs. K. Persad-Bissessar:** Mr. Speaker, there are other detailed measures in the Provisional Collection of Taxes Order. One of these has to do with the removal of the tourism project allowance; the 25 per cent allowance with respect to equity investments in tourism projects is to be removed with effect from January 01. PricewaterhouseCoopers comments on this in this regard:

"Whilst it is unclear how many people actually took advantage of this measure, its removal seems to be contrary to Government's stated intention to increase Trinidad and Tobago's profile as a conference centre for the region and a tourism destination, which would require among other things, a significant increase in the room capacity."

Here it is there was a 25 per cent allowance in tourism projects; it is being removed. I would ask the Minister in his winding up to tell us why. Tell us whether you had any statistics showing it had been used; it had not been used;

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how much have been utilized, and why it is you felt it necessary to remove this tourism project allowance. The concerns are, that as a Government you have stated your intention to increase the country's profile as a centre for the region, as a tourism destination, and here it is the capacity that could come, you are taking away that allowance, which would not redound to the benefit of building such capacity. So, I would ask the Minister please, to give us the rationale for the removal of that particular allowance.

There is also a concern with respect to the removal of tax holidays. With effect from January 01, the proposals are that tax holidays would no longer be available into new investors for regions; new investors for approved activities; companies approved under the Fiscal Incentives Act and the free zone companies. Free zone companies and presumably fiscal incentive companies will continue to enjoy relief from customs duty and Value Added Tax. Again, the commentary is that it is unclear which companies are caught within the first two categories identified, and so, I would ask the Minister to clarify that issue.

In the circumstances where Government has stated its intention to pursue and encourage greater downstream activity and value added production, it is surprising to see the removal of the only remaining incentive legislation especially where there is a strict approval process in place, which restricts the persons allowed to enjoy the privileges offered under the relevant Acts. I would ask the Minister then to give us the rationale for taking away this incentive. With the targeted projects likely to require significant capital investment, one can only wonder what incentives will be offered to attract the required capital injections. By these actions Government has sent a very clear message to the investor population, and we can only wait and see what impact it has on the country's long-standing attraction as a favoured location for such investors.

If this is the concern then we need Government's rationale for doing this. In the budget presentation the hon. Minister of Finance made it very clear, Trinidad and Tobago, number one, as an investor friendly nation, and so on, and here it is we are removing these incentives; we need to get some further rationale as to how that would work.

**Mr. Manning:** Which incentives?

**Mrs. K. Persad-Bissessar:** The removal of tax holidays for new investors for regions; new investors for approved activities; companies under the Fiscal Incentives Act and free zone companies. There were two issues there. One is, we

are not sure which companies would be caught in the first two categories and the second concern has to do with the message that is being sent to the investor population, when it is Government's policy to encourage investment into the system.

The ESOPs, Mr. Speaker. The ESOPs are basically Employee Stock Ownership Plans, and they are intended to encourage deeper employee involvement; commitment to the company. So where an employee has share plans in the company in which he works, it gives that employee a greater incentive to work harder, because the employee owns part of the company. Here we have then, the removal of the ESOP benefits, and we talked a little of it just now, when I asked you why it is you were doing this. Now it appears that the deferral will continue, in that it seems that the benefits would continue to be taxed as they are withdrawn from, rather than contributing into the approved plans; the reduced rates and tax exemptions withdrawals are to be removed. Since this now imposes tax to the full rate, not only on the contributions made to the plans by the employer, out of the employees bonus, but also on any capital gains realized in respect of the shares acquired under the plan, this will render this benefit a lot less attractive than it currently is and may lead to a demise of such plans. The concerns that PricewaterhouseCoopers has raised with this and I would like you to answer that.

They continued, they said it is surprising to say the least that such plans which benefit a wider cross section of employees have been targeted while stock options, which are largely enjoyed by top executives only, have not been touched. So why are you going at the lower level employees, and you have not touched the stock options by top executives? You are saying it is a budget for all, you want to help everybody; and you want to help the lower levels and so on, but here it is you are interfering with the stock option plans of the employees, but you are not going at those that are owned by top executives. Why?

**Mr. Valley:** Mr. Speaker, in my contribution I made the point that with respect to stock options, we would be doing a similar thing, come the Finance Bill. I said that; it is the same concept.

**Mrs. K. Persad-Bissessar:** Well that was not anywhere within the budget documents that were presented, so this must be an afterthought, I do not know.

**Mr. Valley:** You know.

**Mrs. K. Persad-Bissessar:** And until we see the Finance Act— Well you know you promised to do so many things and they are never done. I am still waiting for legislation for the Revenue Stabilization Fund; promised year and year

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after year. When we see it then we know it is actually happening. At the moment you have targeted clearly in your budget documents; you have come with this Provisional Collection of Taxes Order. Clearly, you have targeted the employee's stock plans, but you have not gone at the stock options owned by top executives. Why?

**3.00 p.m.**

That is in keeping, quite clearly, with what is stated in your budget. When you go through that estimates Ministry by Ministry, every year I have been looking at something called the Employee Assistance Plan (EAP). I do not know if the Member for Diego Martin is querying EAP—he has never heard of it—but it is in his Ministry: Employee Assistance Plan. Every Ministry has a vote every budget year for Employee Assistance Plans.

Mr. Speaker, I pointed out last year that the moneys allocated for Employee Assistance Plans was never utilized in the majority of Ministries. Never utilized! In the first place, very small amounts were allocated; for example in the Office of the Prime Minister for 2004 \$50,000 was allocated. When it came to the revised \$50,000 still; when it came in 2005, \$50,000 it was not utilized and so it goes for every Ministry: small amounts of \$50,000 to \$80,000. The only Ministry that seems to have had a large amount was the Ministry of Education where in 2004, \$3.8 million was allocated and in the revised for that year \$1 million. So that, the Employee Assistance Plans are not being used for the benefit of the employees.

I raised it because I am saying, here it is you are going at employees, and here it is you passed an Occupational Safety and Health Act for so long and yet it cannot be proclaimed. Here it is in your budget presentations, every year you put \$50,000 or \$60,000 per ministry and at the end of the year the money is not utilized. Why are these Employee Assistance Plans not being utilized? Why are the employees in the Ministries not benefiting from them? And yet on the other hand, we talk about \$229 million for flying up and down, overseas travel, food and drink, hosting and publicity and you put \$50,000 per ministry for all those employees in that ministry and then at the end of the year you just take it back because you have not used it. So it is something that the hon. Prime Minister as Minister of Finance may want to look at. Why do you put these allocations every year in the budget and you do not use it for the employees?

Talking about the employees, we talked about ESOP, the employee's loans which the Member for Diego Martin Central spoke about. "Employees who receive a loan from their employers at a rate of interest below what the Central

Bank and the BIR determine to be an arm's length commercial rate of interest will be charged to tax on the difference between the rate charge and the commercial rate", as he told us. PricewaterhouseCoopers is of the view that this will be a significant blow to employees of financial institutions who have long enjoyed benefits of reduced interest rate loans and may create hardship for employees who are locked into long term facilities with the employers.

While one may argue that it evens the playing field for the rest of the employed masses who do not enjoy such a benefit, it leaves one to wonder what impact it will have, for example, on salary advances. While other employees are allowed to enjoy their employers stocking trade at reduced prices or free of charge are not also targeted and the rationale given—and I asked the Minister why was he doing that? He said it was how easy it was for you to catch them. When the Member for Couva North spoke, and asked the question, it was clear the rationale that was given was that this is international and we have to do this across the board, all benefits and kind and so on. Immediately the answer to the question asked by Couva North was, you know, it does not apply there. On the one hand, you are going at these employee loans and saying they are part of the stock in trade and you are getting a benefit in kind but, on the other hand, there are so many others that you are not paying any attention to.

One would want to look at that again to see whether that rationale given by the Minister really benefits anybody in terms of what is happening with this. How much revenue are you going to get from that? What is the purpose of this? How much revenue will you get from this measure, hon. Minister through you, when it is you want to tax people for a loan given by their employer within their field of work?

These are some of the tax measures, specific ones, that have been raised by the Minister, but at the end of the day the Minister spoke about free tertiary education and if people want to go abroad they can benefit from the tax allowance going abroad. At the end of the day, Mr. Speaker, how can we benefit from free tertiary education? How can we benefit from all these income tax allowances and supposedly new moneys coming in? How can we benefit from all the expenditure when our life and limb are in danger; when it is that no one is safe in this country; when it is that crime is just at an all-time total high? After the Commissioner of Police was "boofed" up by the Member for Diego Martin West, the Commissioner of Police suddenly became very loud and very noisy, promising to—

**Hon. Member:** It worked.

**Mrs. K. Persad-Bissessar:** Work what! It worked to get him to talk, but it did not get him to walk. It did not get him to work at all and so he got up and talked: "Top Cop talks tough at last". It is so tough that I cannot even say it. "Cop talks tough at last after the fourth bomb". After the bomb! But there are other stories of how tough he was talking about being more aggressive.

Mr. Speaker, is the Commissioner of Police then saying that he was not being aggressive all the time; that they were not aggressive in the fight against crime? If it is that he now has to say that they will be more aggressive, that there were reserves there that were not being utilized in the fight against crime. Why am I raising this at this debate? Revenue! All these revenue measures, all the wonderful measures in the budget mean nothing if we do not have life; if we do not have security of property, of limb and person; and we do not have that. All the measures will come to naught for many people in this country unless our revenue is used in a manner that would fight crime; that would go straight in the fight against crime.

We have gone through every letter of the alphabet, Mr. Speaker. We have started from "A" anaconda and we went down to "Z" with zero tolerance. We started back again with "B" for blimp and so on and I see we have gone back to "Z" again with zero tolerance. The zero tolerance the Commissioner of Police is spouting is not new; we have had that around for quite a while. These revenue measures, and all the revenue, whether it comes from the energy sector, taxes or whatever, if they are not utilized we can enjoy none of the benefits: our natural gas wealth, oil wealth or any other wealth that we have in this country. No one will be able to enjoy it in any kind of peace and harmony.

With these words, I thank you for your time. [*Desk thumping*]

**Dr. Adesh Nanan** (*Tabaquite*): Thank you, Mr. Speaker. I entered into this debate to point out, in terms of the Government's proposal in the 2005 budget, what we have seen here is more for the rich. And I will show during my contribution, in terms of certain aspects, where there has been tax incentives removed and that this will have a negative effect on the economy.

Mr. Speaker, we heard from the Member for Diego Martin Central on this Provisional Collections of Taxes Order. I want to deal with the situation, firstly, under the Tourism Act. In his contribution—I do not think he mentioned that in his contribution, if he did, I did not hear it. It is the repeal of section 38 of the Tourism Development Act. It is almost at the last part of the Act, probably it was an oversight by the Member for Diego Martin Central. Section 38 of the Tourism Development Act is repealed, Act No. 9 of 2000 is amended.

Mr. Speaker, I read to you from the Tourism Development Act, 2000. Section 38(1) states:

“Subject to subsection (2), the Minister to whom responsibility for Finance is assigned, may by Order exempt from tax, interest received on an approved loan for a period not exceeding seven years or the period of the loan, whichever is the lesser period.

- (2) A person in receipt of any interest from an approved loan exempted from tax under this section shall—
  - (a) keep a separate account of that interest to the satisfaction of the Board; and
  - (b) make an annual income tax return in respect of that interest to the Board,

and no claim for exemption in respect of such interest shall be allowed by the Board if paragraphs (a) and (b) are not complied with.

- (3) No benefit under this section shall apply to a loan made to the purchaser or lessee of a villa or condominium unit or site for a villa or condominium unit in an integrated resort development.”

I am sure the Member for Diego Martin Central when he heard this particular section; he would remember his contribution in the debate on the Tourism Development Bill.

Mr. Speaker, the repeal of this section shows that what is happening, the Government is saying one thing with respect to the tourism sector and we are seeing from these measures that the incentives are being removed. We heard from the Member for Diego Martin Central, it is a new shift, in terms of letting persons decide where they want to put their investment. I want to point out that under the United National Congress government we had to inject into the tourism sector that particular incentive, so that we will have more people investing in that particular area.

Mr. Speaker, a lot of hard work went into the Tourism Development Act. The Member for Diego Martin Central said that the removal of the section, by repealing section 13A of the Finance Act—and it is related because it is important to know what section 13A speaks about. Under the existing laws of Trinidad and

Tobago to the Acts and Legal Notices of 1994 at page 55 where arising out of the Finance Bill there is an amendment to the tax laws of Trinidad and Tobago, section 13A (1) states:

“Subject to subsection (2), where in a year of income a person makes an investment in the equity capital of an approved hotel or tourism development project, there shall be allowed as a deduction in ascertaining the chargeable income of that person for that year of income, such investment up to a maximum of twenty-five per cent of the investment.”

Mr. Speaker, the Tourism Development Act speaks to the owner or operator of a tourism project and this particular measure spoke about any person who wants to invest in a tourism project; another area of investment in the tourism sector. So I am appalled by the Member for Diego Martin Central saying this morning that there is a new shift, a new direction in terms of incentives. The tourism sector is a unique sector, a sector that must be nurtured; a new sector in terms of Trinidad and Tobago and the economy and this particular Tourism Development Act, was designed for that particular niche area—the tourism sector—to grow. A platform was being built under the United National Congress government and here we see by one fell swoop, by one guillotine by the Member for San Fernando East—the Finance Minister and Prime Minister—that the incentives are going to be removed in that sector.

Mr. Speaker, it is also important, especially in Tobago. One of the new directions of Tobago’s market for tourism is the bed and breakfast market. I am sure the Member for Diego Martin Central must be aware and the Prime Minister as head of the steering committee on tourism. The bed and breakfast market facilitates the small developments, and the Member for Diego Martin West comes to this House and talks about a housing policy, which I will deal with, because it is relevant, it is on the order, Mr. Speaker.

We are seeing incentives removed for the first-time homeowners. [*Interruption*] In Tobago, the bed and breakfast market is striving, but when you are going to remove this particular incentive—you are going to remove the allowance for the mortgage—and it is in the budget document that the Prime Minister circulated to us.

### **3.15 p.m.**

Mr. Speaker, it is on page 92 of the Prime Minister's budget statement; it is important; I will tell you why. In Tobago, because of the removal of this particular deduction, eliminating the deduction of up to \$18,000 per mortgage



interest payment—the Member for Diego Martin Central passed it on and said that it was covered in the \$60,000 personal allowance—but people are investing.

You have to understand that the Member for Diego Martin Central knows about banking and this is a marginal income requirement. When you go for a mortgage, the bank does an assessment of your potential to pay that mortgage. You are removing this particular \$18,000 mortgage payment, which would have been part of the profile. The person would have submitted that to reduce his chargeable income, so that, eventually, the person would have had enough money to pay the mortgage. When you remove this particular mortgage interest payment, the people in Tobago who are investing in bed and breakfast businesses cannot meet their mortgage payments. We are going to see a collapse of that industry in Tobago.

As I speak of the collapse of the industry, by removing the requirement for the first-time homeowner, you are removing the \$10,000 deduction for the first-time homeowners who have acquired homes. This is important, because you have to know what is happening in the Sister Isle. [*Interruption*] [*Prime Minister raises his hand*]

**Mr. Manning:** Mr. Speaker, I thank the hon. Member for Tabaquite for giving way. Would the hon. Member not agree that a reduction in the rate of corporation taxes has the effect of leaving more income in the hands of the taxpayer? If that is so, then immediately the effect of that, in the context of the mortgage discussion taking place, would be a higher level of mortgage supportable by a higher level of income. Would you not agree?

**Dr. A. Nanan:** I will answer the Prime Minister's question as I continue here, because it will show him that I am pleading for another band. You have the \$60,000 per annum personal allowance. As I said before, the rich is getting richer. You need to have another band to capture the higher level of income. I have no problem with the lower levels, with respect to the \$60,000, but you need to have some other band to capture the higher level income earners.

**Mr. Manning:** What salary range?

**Dr. A. Nanan:** I am talking about the middle, more towards the upper.

**Mr. Manning:** Call a figure.

**Dr. A. Nanan:** I will call a figure later on. I want to make the point that the other band is important. Again, I want to deal with what is happening in Tobago, in Belle Gardens. I am speaking about construction as first-time homeowners, as

well as the construction policy of the Government. In Belle Gardens, people are building homes. The Government is not building in Belle Gardens. In Signal Hill, they have given out lots and the people are building homes. The homes are well built and are also being designed in such a way that the owners have an apartment to rent, because you have this thriving bed and breakfast potential in Tobago. It is nothing new, Mr. Speaker. In Montego Bay, from 1962 to 1965, that was how they started. They started building their homes and renting the apartments; that is how you got tourism building in Jamaica. It is happening in Tobago. Why did the Prime Minister not take that into consideration when he was restructuring and removing this mortgage deduction?

The Government is thinking halfway: now for now; getting votes. It is not long-term thinking. I know when I read the document, you said that you wanted to have the low and middle income earners, but they have to let people build their own homes. I know the Prime Minister would jump up and say, "We have done that," but I want to point out that in certain parts of this particular budget relating to housing, it deals with Government-assisted housing; Government building the houses; it gives you a reduced mortgage on that particular facility, a rent-to-own facility. What about the person who wants to build his own home and get a mortgage from the bank?

I read the document and I did not see that kind of assistance.

Another issue here deals with beneficiaries. If you have a family with the wife and husband working and the teenager teaching, you have to have an accumulated total; you have to deal with the entire amount of money coming into the household and they would not qualify; so that must be taken into consideration, in terms of the construction of houses, when you are dealing with a population that has a high level of intelligence. When you are also dealing with building, why does the Government have these large contractors building homes?

**Mr. Manning:** What?

**Dr. A. Nanan:** Large contractors building homes, especially in Tobago. I do not know if the Prime Minister is aware. The premises in Tobago that Royal Bank now occupies, the particular building was built by a Tobago contractor. So you have the skills in Tobago; utilize the skills in Tobago. You do not have to bring these big contractors.

**Mr. Manning:** What big contractors are building homes? [*Crosstalk*]

**Dr. A. Nanan:** Let the contractors in Tobago build the homes there. [*Crosstalk*]

**Mrs. Job-Davis:** Who is building houses in Tobago?

**Dr. A. Nanan:** When the Prime Minister gets up, he would reply to me, I guess.

I am sure the Member for Tobago East would be aware that the Tobago House of Assembly (THA) would have bought all the materials and paid the bills. The skills and technical experience would have come from the Tobago community; that is how it was before, but it has changed now and the Member for Diego Martin West is aware of that. The Member for Diego Martin West has a housing project in Tobago.

Why? Is it because the Member for Diego Martin West has a lot of money that he is able to build these homes of a certain standard, whereas they are building low-level housing? Why not give everybody the opportunity?

Mr. Speaker, in the United States, when a person owns his own home, as the family progresses and the children leave the home, a lot of the time, the parents sell their homes and buy a condominium, where they have security. We are not seeing that in the Government's housing policy.

**Mr. Imbert:** What is the point you are making?

**Dr. A. Nanan:** We are seeing a situation where they are not allowing people to build their homes and they are removing the incentive for people to be first-time homeowners. [*Crosstalk*] I see we have a lot of debate on that side, but they know that I am right and they will reply to me.

**Mr. Imbert:** You are not even right when you are turning right.

**Dr. A. Nanan:** How can you explain this, Mr. Speaker? Why is there development of land taking place in Roxborough? At the Argyle Waterfall, they have cut down all the bearing cocoa trees for a housing project. There is no real economic activity in Roxborough. I am sure the Member for Tobago East is aware of that. They are charging \$300,000 for the homes and that does not include the land. The location is between two rivers.

I am sure the Member for Ortoire/Mayaro would say that is a wrong area to build houses, and he would be quite right. It is a flood plain; it floods constantly. It is Government estate land and it is swampy. Why would you want to do that? That is the beginning of the road to go into Argyle Waterfall. Why did they not develop that particular area and preserve the environment? Why did they not use the bearing cocoa tree as part of the environmental ambiance in that particular area? Why would you want to build houses there?

Make the loan affordable for housing and give land so people can build their homes. We have no problem when you are getting into housing programmes, but you must also allow people to thrive. If they want to build their own homes, they must have the opportunity to do so.

Another area is the hotel and tourism sector. I did not hear any reference to that; I do not know if it was made in the other place. The UNC government had an arrangement with the Hotel and Tourism Association for the setting up of a Tourism Marketing Company. The finance for that particular project would have come from the private sector and would have supported the increased marketing of Trinidad and Tobago as a tourist attraction. There would be an injection of 150 per cent of the contributions for the private sector, so you have that 150 per cent uplift or 50 per cent up. I do not know if that has been followed by the PNM administration or the Government. I do not know if they have surreptitiously removed this particular incentive, because they have already removed the other 150 per cent or the 50 per cent uplift, with respect to sport, arts and culture.

**3.30 p.m.**

That was not the United National Congress imposing this; this came about out of discussions with the private sector. It was because of the poor marketing of the destinations. This particular fund was supposed to drive the marketing of Trinidad and Tobago as a tourist destination. There is great opportunity here also for cruise shipping and the relevance here is because of the head tax. That particular part is going towards revenue for the Government. In the Government's own documents we are seeing the setting up of home port facilities and more enhanced cruise shipping facilities. But how can you have that situation when you are going to project increased arrivals in 2005/2006?

**Mr. Imbert:** What is it you are really saying?

**Dr. A. Nanan:** This is relevant. It is important because you are planning for 2006 and you have all these obstacles to overcome. I spoke earlier about this particular tourism marketing company and the injection of money from the private sector to market Trinidad and Tobago, but while you are marketing on the one hand, you have this other situation that I am going to tell you now about.

Public relations gimmicks to divert attention—the Member for Port of Spain North/St. Ann's West is not here, but he is a prime candidate. The nation is in crisis. Daily we see the spectres of gruesome news, criminal activity, statistics on crime are shocking, reports of robberies, rape, car thefts; kidnappings have become the norm, now bombings, and youths are not isolated. You see wanton lawlessness;

you see an inhumane, corrupt Government. So on the one hand we are putting money into a particular fund to market the destination, Trinidad and Tobago, and on the other hand the Government, with all its resources and public relations gimmicks—in fact, I do not even know if the blimp is a public relations gimmick to divert attention. So with all these resources and a large budget for National Security, our image abroad is tarnished. So on one hand you are marketing the destination and on the other hand the entire image of the country is tarnished.

In 1996 we had the opening of the Maracas Hotel on the beach, and it is important to understand that we need more hotel rooms. This particular hotel on the beach provided a small number of rooms, but just over the weekend we saw that the sea almost entered into that hotel. When I saw that, I had to read the Government's policy on disaster preparedness, because what has happened over the weekend, the Meteorological Services issued a bulletin on rough seas at 3.00 p.m. on Sunday and we have heard reports of rough seas on Saturday. *[Interruption]* People saw rough seas on Saturday and the Meteorological Office issued the bulletin at 3.00 p.m. on Sunday. But what they issued was a rough seas bulletin; they did not issue a warning of the possible mini tsunami.

**Mr. Manning:** They did not know.

**Dr. A. Nanan:** The Prime Minister said they did not know, but I could have forecasted that, and I will tell you why. It is important to understand something. That is why I wanted to read this particular part of the Prime Minister's budget speech. It stated an early warning detection system is going to be put up. What is that? That is, basically, you are going to have buoys out in the sea that is going to detect the heights of waves. On Saturday afternoon and more towards Sunday, the satellite pictures were showing a lot of drifting that was taking place in the atmosphere. There was a depression being formed just off Jamaica. There was a large tropical wave approaching Trinidad from the east. But with this particular depression that was forming off Jamaica, there was a new wind pattern that you could have seen on the satellite and you saw a lot of the clouds shifting down north.

**Mr. Imbert:** Is that Wendy you are talking about?

**Dr. A. Nanan:** No, that is Wilma. But Wilma was not formed at that time. It was a tropical depression still. What happened, it was changing the entire pattern of the winds. It is important in terms of the tourism potential because we are supposed to be in the hurricane-free area and that is one of the reasons we have such great potential with respect to cruise ships and yachting. But I want to point

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out that the winds were blowing from the north and blowing more towards northeast and that is what caused that large number of swells coming in from that particular direction.

So it is important in this particular unit that the Prime Minister is setting up for disaster preparedness—even before the unit is set up—for the Meteorological Services to be more efficient on weekends. On weekends in particular, we see the Meteorological Services not performing efficiently or they are not giving out the bulletins on time and a lot of times the storms and bad weather systems are coming in on weekends. I just digressed to show, in terms of the Maracas Hotel and the opening in 1996, and the number of rooms and tax collections from the various hotels that are coming into the revenue stream.

Another area that we need to talk about also is the tourism master plan, because we had a discussion here on an amendment in the Tourism Development Act. At that time the United National Congress government was waiving the particular interest—the tax that the banks were paying on interest on approved loans for tourism projects, we had some retroactivity in terms of the person getting back that particular tax by the Government. Now the PNM Government is moving that particular restriction, so the incentives are being removed totally. So I am asking the Government to reconsider the removal of these incentives because the tourism sector is strategic in terms of the economy.

With regard to savings, they are reducing the incentives for pensions and annuities contribution. The purchase of credit union shares cannot be used anymore. Those two that I mentioned are the main pillars of long-term savings. I do not know if the Member for Diego Martin Central made any mention of this, but they are removing the tax incentives for the purchase of Government bonds.

**Mr. Valley:** That gone long time.

**Dr. A. Nanan:** I do not know if the Member for Diego Martin Central read the budget speech of the Prime Minister or did not pay attention.

**Mr. Valley:** Public debt.

**Dr. A. Nanan:** No, no, Government bonds. It is here but I just cannot point to it. But that is what they did.

Here it is. “Remove the tax exemption from future issues of public debt.”

**Mr. Valley:** Public debt, which is different from the Government savings bond.

**Dr. A. Nanan:** All right. Well, whether it is Government bonds or not, you are still removing the tax exemption, so you are still providing a disincentive now. Is it that you have too much money and do not want people to invest in that area anymore? You must tell us.

So what we have here is a reduction of the tax incentive for home mortgage. They will now increase the cost of owning a new home. This will have the effect of decreased investment in new homes and they will make home ownership even more elusive. It is not only in terms of savings, they are also dealing with other areas and it is all linked—sport tourism, which is another aspect in terms of growth in the tourism sector. They are removing the 50 per cent uplift for other expenditures, including sponsorship of the arts, sport and cultural to a maximum of \$1 million under the pretext that the person can choose where he or she wants to put his or her money.

They are also removing the 100 per cent uplift from marginal additions in employment, including apprenticeship and employment allowances. I read somewhere in terms of this particular restriction in a global economy and in terms of competition, this particular provision can cause the price of labour to increase or even the production cost. But I have to say with the performance of the Member for Diego Martin Central we do not have that problem, because the Member said he was not aware of a shortage of sugar and when the manufacturers were in dire straits, losing markets, then the Member for Diego Martin Central acted. So that cannot apply with respect to competition and the cost of production.

### **3.45 p.m.**

Mr. Speaker, I will now deal with another issue, which is the Green Fund. We have seen that from October 01, 2001 to September 2005 the Green Fund has \$544.4 million. Time after time, budget after budget, almost the exact wording is placed in the documents. We will bring the legislation for people to actually access the Green Fund.

Mr. Speaker, environmental degradation is on a high, pollution is on a high and pollution controls must be of prime importance to this Government. If we are going to project our destination as the number one destination for tourists, we have to deal with pollution, not only land-based pollution but also marine pollution.

Mr. Speaker, with respect to this particular Green Fund, companies are paying, religiously, this Green Fund levy and they are seeing no returns. At some point in time there was an indication of where this fund was located. We know it is in the Ministry of Finance, and we see a report here in terms of \$544.4 million,

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but just over the weekend you would have seen that in terms of the performance of the Government with respect to the environment, they got a failing grade, and the money is in this particular fund.

This fund was set up under the United National Congress government. Mr. Speaker, if they have decided to change the name and use the fund they can do so and say it is not a United National Congress initiative that it is a PNM initiative. But whatever they plan to do, they must do it quickly because pollution is rampant in this country. We see it all over the place. How can you be projecting a clean and serene scene and the country is untidy?

Yes, we have heard about the Community-based Environmental Protection and Enhancement Programme (CEPEP) initiative and the great plaudits given to it but that is not good enough. We must be able to utilize this revenue stream that is coming in to enhance the environment.

As I conclude, Mr. Speaker, I must point out to the Government that there is a need to revisit the incentives, especially in the tourism sector. There is also a need to revisit the first-time homeowner policy and there is the important aspect of controlling pollution in the environment through the Green Fund.

I thank you, Mr. Speaker,

**Mr. Chandresh Sharma** (*Fyzabad*): Mr. Speaker, I am very happy to join the debate at this time. The mover of the Motion indicated in his concluding remarks that this was going to give \$1.7 billion to employees. In fact, his words were: We are doing the employees of the country a favour, and that is where I want to focus for a few minutes. Is this a favour or disfavour? Is this a service to national community or a disservice? When you look at the entire picture it appears to be a disservice.

Mr. Speaker, once you put more money—if that is, in fact, correct; there are questions about that—in the hands of the national community then there must be back-up services. It means that persons would have more money to spend; they would have more money for a number of things, since the Government is not encouraging savings in any way, as was identified from all the pointers the Minister raised.

For instance, when he spoke about the \$12,000 annuity pension that still obtains if a customer of a pension plan—the client in an insurance company—wishes to obtain that money before time, he has to pay a heavy tax on it. Therefore, two things need to happen: the citizens need to be encouraged to keep



that pension going. The Minister indicated that if he wished to obtain that money there is a heavy tax structure in place. I suggest that such a client be allowed to borrow from that provision. Mr. Speaker, the reason someone might go to cash in their pension benefits is simply because they have an emergency and they need money for one reason or the other. I think if that person is allowed to borrow on that using the pension moneys as collateral then he can continue his pension.

We must not stop people from having pension plans; they need them because the cost of living keeps increasing health, et cetera. When the Minister spoke about lump sums he said that if a citizen is going to get \$500 a month he can ask for a lump sum, but anything above \$500 he has to face the tax structure again. Mr. Speaker, if someone is going to collect the lump sum, why is he going to take that lump sum? It is because he has a need for it. There might be an emergency; there might be a child to educate or to send overseas, whatever it might be, one must appreciate that in recent times more and more persons have to face the private medical institutions for a number of surgeries, et cetera.

I suggest that the client be allowed to receive whatever lump sum the \$500 qualifies him for and the rest remains in pension form. Even if he took the entire lump sum that does not mean the person could not qualify for pension sooner or later. He may spend the money or he may not have accessed the money, for one reason or another, and he becomes a client of the State, again, collecting a monthly pension. Mr. Speaker, you want to find ways to encourage the persons to save.

The Minister also indicated that based on the PAYE structure, which contributes largely to the GDP, again, citizens of the country are asking: Are we getting service? My colleague, the Member for Tabaquite just indicated what obtained yesterday at Maracas and a number of other beaches in San Fernando, Cedros and elsewhere. It comes back to a point that was raised during the budget presentation about the funding that is obtained at local government level.

During the period running up to budget presentation all local government bodies—that is each regional corporation—are asked to make their request to validate why they want “X” amount of money. Mr. Speaker, in every instance no local government body has been able to obtain the amounts of money requested. Perhaps the situation does not allow, on every occasion, for any corporation asking for “X” amount of dollars to receive all of it. But what comes in there as well is that each corporation is permitted to collect fees for different services, for instance, building plan fees, sanitation fees, cemetery fees and cremation site fees,

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et cetera. But the Government forces the regional corporations to indicate they are going to collect a large sum of money on an average of \$3 million, \$4 million, \$5 million, \$6 million, any one of the corporations: the city of Port of Spain, San Fernando, Princes Town, Arima, wherever. But in many instances, in fact, in all the instances they have not been able to collect more than 10 per cent of what was projected.

For instance, in the Point Fortin area they would have projected close to \$2 million for the fees that I have just identified but they have not been able to collect that sum, but the \$2 million is considered revenue for that corporation, in this case the Point Fortin Borough Corporation.

In the case of Princes Town they had indicated in excess of \$4 million but they have not been able to collect 10 per cent—\$400,000—so you are asking them to spend moneys that they do not have. Because of this, Mr. Speaker, they are unable to provide services. I had indicated on a previous occasion that in the case of Couva/Tabaquite/Talparo Regional Corporation, which is the largest in the country based on the current moneys, provided by the Minister of Finance, that corporation is spending 22 cents per citizen, per day, to provide a number of services.

In the case of Mayaro/Rio Claro Regional Corporation—I am sure the Member for Ortoire/Mayaro would be concerned—their water vote can only last 34 days. Even in the rainy period many taps are without water so that allocation would be finished before the 34 days because it was intended to provide water only during the dry period which is January to end of May but already they are without this water.

The Minister also indicated that institutions are going to be permitted—this is for students who might be studying in the private institutions, and again that always raises the question about how the courses that persons might be reading for are being distributed. The Government needs to make sure that there must be a release saying which courses are accredited for the young students in this country who might be pursuing courses. There are a number of students still doing correspondence courses, through the Internet, and only upon graduation they find themselves with a degree or diploma that is useless. There must also be information from the Government saying: the country is going to need over the next three or four years or whatever period, 100 accountants or 100 engineers so we can encourage persons to go in that direction. You would not want all your students to sign up for a degree in law and so on. Whatever courses students sign up for must be reflective of the needs of the country and that would encourage two things to happen: at the end of the day you will find a happy graduate because he can now

get a job. Secondly, you would also find persons filling the needs of the country. Mr. Speaker, right now there are persons who have graduated and are unable to get jobs for one reason or another.

Mr. Speaker, when the Minister indicated the removal of the interest one would pay on a mortgage on new homes, is this going to benefit the country? We have a very young population and persons must be encouraged to own their own homes. This might be a disservice because you are now telling persons that we are not giving you this tax break anymore and as a result you would have to go to the state agencies that should provide homes. There are two stories there, Mr. Speaker: there are many persons on the waiting list. The Government, by its own admission, has indicated its inability to deliver the number of homes required and it is going to take a number of years.

The second consideration is that all the homes constructed under this Government by the National Housing Authority are being built above budget. Not a single one of the 6,000 homes so far has come within budget so you are really not getting value for money. For instance, what is intended to be low-cost housing is really high-cost housing and Tarouba is a good example because those houses have cost the taxpayers close to \$4,000. When you make a quick comparison of what obtains at the Cross Crossing, Harmony Hall development, persons in that community were able to access fully serviceable lots where the State provided the lots with lights, water, sewer and drainage, et cetera. Persons were able to borrow the funds from a private bank or the state agency, the Trinidad and Tobago Mortgage Finance Company, and they were able to construct their homes, give or take, for \$250,000. So they got value for money. The State is twisting it and this is why I said this \$1.7 billion is really a disservice.

#### **4.00 p.m.**

Let us see what happens when money comes to people. In the absence of any kind of intelligent reasons from the Government saying you need to take this money and invest it here or there as the case might be, that is totally absent. There is no programme in the country, nothing that is encouraging citizens to do that. So they would go spending this money, on what? One area I suggest that needs funding is local government to do a number of things. For instance, community tourism. Where do people take their children? We saw at Maracas yesterday the number of persons that went to the beach.

Yesterday concluded 10 days of Ramleela celebrations. More than 20 groups in the country celebrated Ramleela which means to say there were approximately

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[MR. SHARMA]

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200 days of Ramleela celebrations. As I speak, groups have not yet received their grants from the Government although it is a small amount of \$10,000 per group. The point is you want to encourage people to do this and that is part of the community tourism drive; the local government agencies within those communities in which there are these functions and any activity, not just Ramleela. We are going to be witnessing Divali within a few days, Eid a few days after and then we go immediately into the Christmas period. So that local government bodies must be empowered and they need to be empowered firstly through money.

A number of the corporations do not have the resources. In fact, in this day and age there is still the Chairman's Fund in the Corporation of \$3,000. What is anticipated from this Chairman's Fund it is to make sure when groups of whatever kind, NGOs and faith-based groups and so forth have any activity that is going to add value to the community that they could lend some kind of assistance? When you look at the area from which I come and governed by the Siparia Regional Corporation which covers 77,000 plus homes stretching all the way from Cedros to Penal, where can \$3,000 take you? So many schools seek during their sports days simple things like a tent or a tank of water and it cannot be delivered to them. So we need to make sure that local government is considered. I made the point that the fees they collect are inadequate.

At the Penal/Debe Regional Corporation based on the Government requirement to indicate what fees they may collect, how did they arrive at it? They would say we expected so much money from cemetery fees, sanitation fees and so forth. Their projection was \$4 million and they were able to collect \$371,274.84. So the difference of approximately \$3.6 million, the Government is considering that revenue for Penal/Debe Regional Corporation and they would be required to spend as if, in fact, they had that \$4 million. And this is across the board in every regional corporation, all 14 in Trinidad and Tobago. So the Government needs to certainly treat with that.

In the area of community tourism, during a particular period which has become government's policy, it was indicated to make sure in every community whatever obtains under community tourism would be encouraged and funding would come to develop it. For instance, the Pitch Lake at La Brea, the Mora Dam in Siparia, the Devil's Wood Yard, a number of areas. But in recent times they have been given very little money for such things to happen. I make an appeal for funding to be provided.

The Minister indicated that the Road Improvement Tax is now abolished and there is going to be the Petroleum Excise Tax. Again, we are seeing that a number of

roads especially in the local government areas are not being considered. They are getting worse. Drivers are telling you that the cost of repairs is increasing. We are also being told that potholes are resurfacing everywhere. I made the point on the last occasion that it is time for the road authority because too many agencies are going in and destroying the roads for one reason or the other—WASA being one of the main players because when WASA cuts into a road to lay water mains or to effect water leaks the repairing procedure leaves a lot to be desired and we are not seeing value for money.

The point was made on the last occasion, and today, the Minister spoke about increasing the personal allowance from the current level of \$25,000 to \$60,000. This takes into consideration Government has not indicated a number of people who are going to benefit from this provision. If it is accepted that a number of people are going to get increased income in their possession then it is going to put pressure on the infrastructure in the country and certainly more so in the rural communities. It must match with it, and it comes to simple playgrounds attached to a school. For instance, a number of our schools are without playgrounds. On the schools' study programme there is a period for recreation but there are no recreation facilities. The Government must be able to say if it is giving you more money it is going to provide the services that would be required for this new expenditure. Nothing has been indicated in this area.

Removing the existing personal allowance of \$40,000 for individuals 60 years and over. Again, we are removing this as indicated by the hon. Minister, but what are the real benefits? Are the needs of persons over 60 years being met? The answer is no. We are hearing a number of complaints from persons going to the local health centres. They are unable to obtain a number of services; simple things like X-rays. In many local health bodies there are no practising dentists for one reason or the other. So the infrastructure is there. So that you are telling people listen we are providing more and more but there is no backup provision for it.

Mr. Speaker, the removal of the \$1,200 per child; that allowance is now gone. But there are a number of persons in the courts of Trinidad and Tobago who are—their parents—either the mother or father is required to pay child support or child allowance and they are having extreme difficulty obtaining that money for one reason or the other. The practice is that one of the parents, most times the mother, has to indicate where the father is. If the father has left the house for one reason or the other—he might have migrated, he might have gone to another community to live and that parent may not have that information. Not being able to provide that information denies them from getting that child allowance.

I want to make the point where such obtains, that the parent must not find themselves unable to care for that child. There should be an allowance to treat with that in the first instance or secondly, the State must provide, perhaps, by loan, where a parent who has to receive this allowance through the Siparia court for three children—that might be about \$700 a month. If they do not get it from the court then they are without that money for whatever period, whether one, two, three or four months. What do they do during that period? There is absolutely no provision. I suggest that the State provide that money and take it back from the person who has to pay it whenever it is paid. Because you want to make sure that every child in this country has access to food, clothing and shelter during this particular period. Hundreds of thousands of persons are affected all over the country.

I spoke about it earlier but I want to re-emphasize the point about the mortgage payments. I ask the Government to reconsider encouraging young families to own their own homes however it is done. You have removed this particular provision and it would not encourage families. This would be one way of making sure people stay in this country because with the crime situation and the other negative forces, one of the reasons that people hold on is that they own property here. If you look at the United States some of the cheapest mortgage loans is US \$100,000, \$520,000 in the state of Florida so people are encouraged to own homes.

Two days ago I saw in the newspapers the Canadian government said that they needed three or four million people and they are asking immigrants to come and Trinidad and Tobago is going to be treating with that request. So we must do things to encourage people. When you say you put \$1.7 billion in the hands of people you are not giving them incentives to stay in the country. You need to give them more incentives and you need to promote things that make all the people feel part of the showing of the country so they must all move towards: Carnival, Ramleela, Divali, Emancipation, the Baptist holiday. One must feel part of it.

The hon. Minister made provisions for companies to make available assistance to groups up to \$1 million but when you look at the records that may obtain in the country you would find that rural communities in particular are never the beneficiaries of this.

I saw recently in a newspaper the Ministry of Local Government saying they have done a number of projects and included in those projects were seven pan theatres. They did not identify the quantum of money spent but my research

shows it was close to \$20 million. It is a good thing. Pan is the national instrument of Trinidad and Tobago but side by side with those pan theatres you need to encourage the different arts and cultures. It is time that the country sees a tassa theatre. It is time the country sees the Orisha beliefs being promoted through that same kind of promotion. African and Indian dance, those kinds of things. We must not pay lip service and say we are just doing this here.

The mover of the Motion talked about the question of cash flow. On the last day I raised the point about the tax structure on foodstuff. Many persons in the public health and similar grounds are concerned about the quality of food our children are eating, the availability of that and we are seeing very little. Again \$1.7 million is being made available to the national community. But what are they going to do with this money? It is said they should eat lots of fruits and vegetables but no incentives to produce those fruits and vegetables. Where are they going to grow? Are you going to encourage only importation? One needs to see a corresponding link.

Drinking water for instance; what incentives are there? Lately you see more and more people are moving to processed water, bottled water. Are we providing it in the schools for instance? Children have this concern, parents have this concern, public health officials have this concern about the quality of drinking water available in schools. How many children would be able to purchase a bottle of water? It is about \$3 in every school. So one of the considerations would be to make sure that simple drinking water is available in the schools. In fact, last week some schools had to be dismissed early because there was no drinking water. In fact, the licensing authority office in San Fernando, for the last few days had to close because of no water. Persons could not use the washrooms. Customers and clients going in there were unable to conduct business. When that happens there are no public advertisements. A worker taking half-day to go and conduct business at the licensing office, for instance, it is only when he gets there he discovers it is closed because of a lack of water and would have lost half-day and still not got his business concluded.

**4.15 p.m.**

Mr. Speaker, I raise the question of encouraging healthy eating and exercise practices and recreation at the rural community level across the country. The reason I always mention the rural communities is that they seem to be under pressure, whether in Cedros, Point Fortin, La Brea or Fyzabad. We are not seeing the spread of resources to those areas. How are we going to treat with our communities?

When the Member for Tabaquite raised the question of development, he went on to talk about the office of disaster preparedness and management. They certainly lack ability down there. We need to make sure that the regional corporations are funded. I suggest that the Government immediately give the assurance to the national community that every beach in this country, both in Trinidad and Tobago, will have lifeguards. There are a number of beaches without lifeguards. They can also indicate those without.

If what we saw yesterday happens again, we certainly will find ourselves in a situation that we are going to regret. We will lose life and limbs in the process and the global pattern shows exactly that. That is an important consideration. In addition to that, the national community must know what safety obtains in every facility where citizens are encouraged to take their loved ones and their visitors from abroad. For instance, where will the first aid come from and where will they go for such aid.

It is projected that tourism will continue to grow at a rate of over 10 per cent. If we are going to receive more and more tourists in the country, it will put pressure on providers of goods and services and the tax benefits are not there and the funding is not there.

Mr. Speaker, the mover of the Motion, the Member for Diego Martin Central, indicated that the local government was unable, over the last two or three very years, to borrow money. Perhaps what he is not aware of is that a number of local government bodies—I know for a fact that the Chaguanas Borough Council approached the Government to borrow money to do infrastructure work and it did not give permission. While Act No. 21 of 1990 makes provision for local government bodies to raise funds by borrowing moneys, this has to be done with the permission of the Ministry of Finance.

For the last three years, many of the regional corporations have approached the Government to borrow money, but not on one single occasion has the Government treated with it. They have come today to the House and said that they want to remove the provision, so I am making the recommendation that the Government reconsider removing that provision and encourage the regional corporations to borrow money. In fact, the Tobago House of Assembly has borrowed money, and they have done so only because the Government gave its blessings. They did not give the same to corporations in Trinidad. We are calling upon the national community to make money available for the regional corporations to deliver more and more because they are restricted. The Government is not encouraging them so to do.



The other matter I want to raise is the question of approved small companies. The Minister did not give a definition of approved small companies. What do we have to go by? How do we measure how the Government treats with this? If we look at what obtains in the Community-based Environmental Protection and Enhancement Programme (CEPEP), the Government decided who would be CEPEP contractors and the criteria for it. Up to this day, it is not a public document. Nobody knows how one becomes a CEPEP contractor; nobody knows the considerations.

Here the Government is saying that they will determine the approved small companies. The reason for that is that these companies will be able to obtain up to 10 per cent of government contracts. I suggest that the Government make available, through the media, so that every citizen will know what the Government means by approved small companies, the criteria for registration, how it is going to be established and the considerations.

**Mr. Valley:** It is outlined in the Act.

**Mr. C. Sharma:** That is a budget document that came last week. It has not been made public thus far.

**Mr. Valley:** I was merely telling the Member that the concept of approved small company is defined in the Income Tax Act. There are certain criteria spelt out, so it is not something one has to define any longer. These approved small companies are getting a 25 per cent deduction on tax payable. While the marginal rate was 30 per cent, they were merely paying 5 per cent tax. All that is happening is that they are now paying zero for the next five years.

**Mr. C. Sharma:** Mr. Speaker, the Prime Minister, in his budget presentation, indicated that government contracts for the supply of goods and services would now be able to attract what he considers small companies. I suggest that those companies be identified. How are they to be established? That is the point I want to make because already people are approaching. It is a good idea by the way.

**Mr. Manning:** Mr. Speaker, I thank the hon. Member for giving way. The details of that arrangement have been already worked out with the Ministry of Finance and we will make it public not too long from now.

**Mr. C. Sharma:** Mr. Speaker, I am tempted to tell the hon. Prime Minister that there is no need to reinvent the wheel because that provision really came from a UNC-presented budget. It does not matter.

**Mr. Valley:** Mr. Speaker, we will admit that even the UNC may have one good idea.

**Mr. C. Sharma:** That is an excellent idea. That is one way of making sure that more and more people get involved. It will be very challenging and testing to make sure that it reaches as many people as possible.

With respect to the provision for persons obtaining loans from employers, the mover of the Motion indicated—and the Prime Minister responded to it earlier—that some people, when they seek employment, part of the package offered to them are loan incentives, et cetera. So you are now changing, midstream, for persons who have joined particular companies or business organizations because of that benefit. You will have to revisit that because you may end up losing many bright people attracted out of North America, Canada and elsewhere to come home to work because of those packages.

People who came here six months, say on a one-, two- or three-year contract, you are telling them six months later that the Government has changed its position and that it is now going to tax them based on something. I suggest that you revisit that for those persons in particular who may have existing contracts. That would apply to the housing and the motorcar provisions.

In addition to that, in recent times persons have been finding it more useful to use their own cars rather than the companies' cars, for security reasons. Many do not wish to drive a car with the letter "R", because it identifies a rental, but rather, with the Logo of the company, because of the recent kidnappings and so. Again, we have to be very careful how you depart with this new arrangement because you will be exposing people.

One way people treat with these matters is by saying that the country is no longer encouraging people to work here because the Government is coming down hard, and that is not the intention. You are going to lose people who are providing very important services. When the budget was presented and the Prime Minister spoke about the 13 companies to come on stream, a number of people will come to work in those companies, simply because of the package that was considered but that may no longer be available.

The question that the Member for Tabaquite raised about removing the tax exemption for future issues of public debt goes back to a point I made earlier. How are we encouraging local savings and investments? We must find ways to encourage the lower income earners, those persons who are now going to benefit from the \$60,000 tax break. How will we attract their savings? The Government needs to demonstrate in its provision how it is going to do it. This far, there is very little for them. They cannot get into real estate; it is not encouraged. They perhaps would qualify under this Fair Share Bill, but that is left to be seen.

The point is that we must find ways to encourage them. What it really does is that it encourages people to work longer hours, to invest locally and to participate in collective approaches. The time has come for the Government to indicate, as in the early days of the sou-sou concept, how do I encourage people in Fyzabad, who might be earning the minimum salary of \$10 an hour, to get into some investment, whatever that might be? How can I cause them to partner with agencies of the State? How can I encourage them to partner with, for instance, a particular programme that might be government-funded to some extent, or subsidized?

I think the Member for Tabaquite made the point that in a particular place all the cocoa trees were cut down. Are we going to encourage people in rural communities to get back into agriculture, using some kind of incentives? We are seeing very little of that. We come here month after month and quarrel about subsidies, access roads and the persons who have obtained this two-acre parcel of land. We have demonstrated very strongly here that they are unable to work the lands because the incentives are not there and because the lands, up to this time, cannot be used to go to the bank to borrow money. You need to make sure that there is some legal instrument that allows them to go to the bank and borrow those moneys.

I was making the point, and I want to revisit it, about the sponsorship of arts, sports and culture. The Government needs to tell corporate citizens that this must be shared across the country. I would like the Government to do some research which indicates whether groups in the rural communities are accessing. The answer is no. Why not? For instance, is Petrotrin or TSTT or any other corporate entity assisting rural groups based on this provision? Where is this money going? Certainly they are getting the benefit—and the Minister indicated that it is a benefit of up to \$1 million—so we need to make sure that we encourage that.

Mr. Speaker, in the early days one of the most successful programmes that obtained in this country was the apprenticeship programme that obtained in all industries. In fact, many persons became managers of the organizations they were apprentices in and they went on to open their own businesses. We need to revisit that. The Minister has indicated that they would remove the 100 per cent uplift or marginal additions to employment, including apprenticeship and employment allowances. We need to get back there.

Recently, there has been a shortage of skilled people in a number of industries and I saw recently that T&TEC would reintroduce the apprenticeship programme. The only difficulty I have with it is that—

**Mr. Speaker:** Hon. Members, the sitting of the House is suspended for tea and will resume at 5.05 p.m. The reason for your extra five minutes is that the participants of the Youth Parliament are in the public gallery and they have expressed a desire to meet with Members of Parliament. I ask you to indulge the young people for five minutes, so that you can come back at 5.05 p.m.

**4.30 p.m.:** *Sitting suspended.*

**5.07 p.m.:** *Sitting resumed.*

**Mr. C. Sharma:** Thank you very much, Mr. Speaker. I wish to make a few recommendations. Accepting that the \$1.7 billion is a good thing, and money is always a good thing, for those who need it, I ask the Government to consider that the \$1.7 billion in the hands of nationals of Trinidad and Tobago must be encouraged to be put to good use. The first recommendation I want to make is with respect to the essential building materials such as steel, cement and bricks. I recommend that a reduction be offered. This will encourage persons to utilize their moneys in an intelligent way.

Over the last few weeks, because of a number of external factors, more than internal factors, the consumer index indicated that the cost of food keeps increasing. In the budget presented by the Prime Minister, there were a number of reductions in taxes. There needs to be some concerted effort to ensure that the essential items in everyone's food basket be more accessible to more people. The benefit from this is twofold; one is that we will have a healthy nation of people. Children will be going to school with their stomachs filled, so that they would do better at school. The worker will go out there to work and give better production. It will also reduce our health care bill.

I want to congratulate the Member for Port of Spain North/St. Ann's West, when, on Friday night, he went to the Port of Spain General Hospital. He reminded me very much of myself in disasters, to respond. It helps in the healing process. I congratulate the protective services. I think they did very well, Mr. Prime Minister.

That brings me to two other points which I want to make. Police officers—I tend to say rural communities, but all over Trinidad and Tobago—need to be encouraged. Lately we have seen a number of deaths due to the fallout from love relationships and suicides. At one time—*[Interruption]*

**Mr. Manning:** Crimes of passion.

**Mr. C. Sharma:** Crimes of passion. That is becoming fashionable, by the way. We need to get more counselling. One of the things I have observed is that—*[Interruption]*

**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.  
[*Dr. A. Nanan*]

*Question put and agreed to.*

**Mr. C. Sharma:** Thank you very much, Mr. Speaker and colleagues. I would not use more than 10 per cent of it.

In recent times, Prime Minister if you allow me, this brings me back to the request I made earlier for serious consideration to the constituency fund. In everybody's constituency—one of the things I do a lot in Fyzabad is counselling by bringing together community elders, imams and pundits. Once a matter comes to my attention—even if two persons report a matter to the police station about land dispute, I immediately send for those two families, take them to my office and invite who I feel would have the most influence on them. This has worked very well. In fact, during the period 1991—1995, I was perhaps the first and maybe the only Member of Parliament to establish an alternative dispute resolution centre in Fyzabad, which still exists today. I have found it to work very well. We need to find those persons, reach out to them, counsel and treat with them. I was making the point in an earlier period that the community police officers played a very important role. Lately I am not seeing that happening.

I want to go further, in the Government Service of Trinidad and Tobago, there are many persons who offer counselling services, but they seem not to be able to reach out to these persons who are committing suicide and these crimes of passion. Perhaps, we need to revisit how it is done. There must be a number of considerations: cultural issues, make-up of families or land disputes. Oftentimes, I have seen a number of fallouts due to land disputes and families who live in crowded homes. That is why I am making the appeal that consideration should be given to lower the cost of essential building materials. This will go a long way.

I also want to make the point side by side with the Government's policy of building homes, that lands should be made available to persons who may wish to build their own homes. A measure or formula should be worked out as to how people will qualify and how soon they can get those provisions.

I was also making the point about the increase in food prices. In recent times, since 2001, this year has been recorded as the highest increase in basic food items. One of the ways to reduce that is to encourage more people.

*Provisional Collection of Taxes Order*  
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Previously, in the schools there were small agricultural plots attached to the schools, but because of population growth and other considerations—we need a lab or library in every school, which is very important and essential—the computer labs and libraries are being built on the lands that once housed the agricultural plots. We are missing out that. They are also being built on the small, restricted play area that may have once serviced these schools. Only then we will be doing the national community a favour.

I thank you very much.

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Thank you very much, Mr. Speaker. I am searching for issues to respond to. I have on my page here, three issues and I am tempted to add a fourth. The first one is the representational function that the Member for Siparia touched on, with respect to an allegation. I really want to repeat what I said, that I, in fact, see the relationship between the representative and a member of the public as sacrosanct. Although one may represent a constituency, that person really is open to the public. In my years in public life, I have had persons coming from as far afield as Cedros: “How you reach here? So and so tell me to come and see you and that you would listen.” People come from all over Trinidad and Tobago and find themselves in Diego Martin Central, at the constituency office, and I listen to them and counsel them the best I can. I have not done it in the past and I do not really plan to start talking about who came to see me, what they talked about and what advice I gave them—bottom line.

Secondly, there is a general issue, with respect to what I said quite clearly is the change in the thinking of the purpose of the Income Tax Act. As I said, we are in the old thinking. Quite a lot of us, having gone to school in the 1960s and early 1970s, had the thinking that one can use the Income Tax Act to direct the economy along a certain path. As I said, Reagan and Thatcher changed all of that. There is a new paradigm, which is that people are intelligent and people can be trusted to make their own decisions. It is like the scale that the Chinese man uses; sometimes he throws a little thing on it and it goes down. He gives a little incentive and it balances, but you are still getting 14 ounces. It is the same thing, I think, when, for example, people talk about the credit union. It is not new savings. It might be a diversion. Let the credit union industry prove themselves so that people will want and be attracted to them. That is the new thinking.

It is the same thing with the tourism sector. The new thinking states that providing an incentive to encourage hotel construction does not mean that people will come.

Hotel construction should be built if the place has the ability to attract tourists. That is the new thinking in the changing paradigm.

**5.20 p.m.**

I maintain that a country like Trinidad and Tobago cannot make the rules. We have to understand the rules and we have to determine how we can chart a course within the given rules.

Yesterday, I had the pleasure of just revisiting the Vision 2020 document and, really, we should read it again. In that document, we made the point—arguing the case for globalization—that globalization is a fact of life. We are not arguing whether it is good or bad. It is a fact of life. We are going to accept it and we are going to find a way for Trinidad and Tobago to be competitive and to make a way in the world. [*Desk thumping*] That is what it is. That was the thinking of 1997 and 1998; accepted in convention in 2000; and three years before that a team was working on that. As I told them yesterday, that is through the foresight of the political leader. [*Desk thumping*] That is what it is. When you look at that document, you see it clearly.

Mr. Speaker, there is where we are today. People can talk. My friend from St. Augustine talked about competitiveness, but this economy is a very competitive economy, and he knows it. In spite of what his friends at IOB and so forth are trying to do. It is a very competitive economy.

There was an issue with sugar. My friend from Tabaquite said that I was unaware that there was a shortage of sugar. My colleagues in the Cabinet would tell you that three weeks before the noise started Cabinet had approved the importation of sugar, because we are proactive at trade. That is what it is. People have other agendas, but you do not worry about everything.

Lastly, I just want to comment on the point made by the Member for Fyzabad where he touched, in closing, on the need to return to the school-yard garden—I think that is the point the Member was making—to assist. You were making the bigger point that with respect to basic food, we have to increase supply and, yes, we know that. That is medium term. In the short term, we are using reduction in customs duties and so forth. That reduction in custom duties is to allow supplies to come in from Third World countries outside of Caricom. Yes, we are using the Smart Card to assist and so forth, but the big effort is the Caroni (1975) land.

The Business Development Committee, a committee chaired by the Prime Minister, has identified several products that can be grown on the two-acre plot. We would be providing the technical assistance to the farmers and so forth

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because, to us, food security is extremely important. There is where we are going. So that 7,000 farmers would be growing products with an export orientation, to ensure that there is a transition out of sugar into new profitable ventures. That is the thinking and there is where we want to go.

I do not think that there is any other issue that ought to detain us at this time and, therefore, I beg to move. [*Desk thumping*]

*Question put and agreed to.*

*Resolved:*

That the Provisional Collection of Taxes Order, 2005 be confirmed.

#### **EXCISE DUTY (PETROLEUM PRODUCTS) ORDER**

**The Minister of Energy and Energy Industries (Hon. Eric Williams):** Thank you, Mr. Speaker. I beg to move that the Excise Duty (Petroleum Products) Order, 2005 be confirmed by this honourable House. The Motion on the Order Paper reads:

*Whereas* it is provided by subsection (2) of section 13 of the Excise (General Provisions) Act, Chap. 78:50 that the Minister may by Order impose any new excise duty or increase any excise duty and from the date of publication of the Order in the *Gazette* and until the expiry thereof the duties specified in the Order shall be payable in lieu of the duties payable prior thereto:

*And whereas* it is provided by the said subsection that every Order issued under that subsection shall, after four days and within twenty-one days from the date of its first publication, be submitted to the Senate and the House of Representatives and the Senate and the House of Representatives may by Resolution confirm, amend or revoke such Order, and upon publication of the Resolution of the Senate and the House of Representatives in the *Gazette* the Resolution shall have effect and the Order shall then expire:

*And whereas* the Excise Duty (Petroleum Products) Order, 2005, was made under subsection (2) of section 13 of the Excise (General Provisions) Act, and first published in the *Gazette* on the 28th day of September, 2005:

*And whereas* it is expedient to confirm the said Order.

*Be it resolved* that the Excise Duty (Petroleum Products) Order, 2005 be confirmed.



Mr. Speaker, by Legal Notice 250 of 2005, an Order was issued for the variation of the excise duties on all grades of gasoline, kerosene and auto diesel. This Order, though published in the *Gazette* on September 28, 2005 took effect from October 01.

Of course, in accordance with the relevant section, which is section 13, the Order must, after four days and within 21 days from the date of its first publication be submitted to the Parliament, and here we are.

Mr. Speaker, where the Order is submitted to Parliament within the specified time—as pointed out—we are here to have the relevant resolution passed to give effect to the Order.

For seven years, sales of petroleum products to the domestic market sector have provided the Government with secured revenues through the collection of excise duties, road improvement taxes and value added taxes.

In 2004 the total revenue generated from these sources accounted for approximately \$905 million.

In 2005 the total is projected to reach approximately \$924 million.

When the reference prices of petroleum products are higher than wholesale prices, a subsidy is paid to the wholesale marketing companies from the Petroleum Products Subsidy Fund, which was established under the Petroleum Production and Subsidy Act, Chap. 62:02.

The resources of this fund comprised the production levy which is collected from oil producing companies, in accordance with the Petroleum Production and Subsidy Act. Prior to 1992, the entire subsidy was borne by oil producing companies.

In 1992 the Petroleum Production Levy and Subsidy Act was amended to restrict the amount of levy to be paid by any producing company to not more than 3 per cent of the company's gross income.

This Act was further amended in 2003, by increasing the companies' limit to 4 per cent of their gross income and exempting from the levy, altogether, companies which produce less than 3,500 barrels of crude oil per day. Any share of the subsidy in excess of the 4 per cent cap is currently borne by the Government of Trinidad and Tobago.

*Excise Duty (Petroleum Products) Order*  
[HON. E. WILLIAMS]

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Mr. Speaker, over the past three years, the level of subsidies and the portion funded by the Government have increased substantially. In 2004 the total subsidy reached TT \$912 million of which the Government's direct contribution was \$562 million, and that from the oil producing companies was of the order of TT \$350 million.

Since the portion paid by the producing companies is expensed, the Government indirectly bears 55 per cent of the subsidy paid by the oil companies. In other words, the total direct and indirect contributions to the subsidy by Government, was approximately \$755 million.

For 2005 the total subsidy is projected at TT \$1.35 billion with the Government contributing \$750 million directly, and the oil companies contributing \$570 million.

Mr. Speaker, at projected prices today—we used different numbers in the budget. For expenditure we used an oil price of \$35 and for revenue we used an oil price of \$45. Of course, we were trying to be conservative. The reality is that we know that we may face an oil price on average of \$60 a barrel. Let me say that not all of the crude oil in Trinidad—the different grades—fetch this price. In fact, we have a range of prices across the different crudes. We have a basket of crudes, as it were.

If we were to average \$60 a barrel, the total subsidy is expected to be of the order of \$1.66 billion, if we stay under the old regime—of course, we are about to change that regime—the Government's funding would be \$1 billion or so, and of that the producing companies funding the remaining \$660 million.

What this measure seeks to do is that under the new regime, this total subsidy would be reduced to TT \$1.1 billion, and with the Government of Trinidad and Tobago paying \$392 million of that at a \$60 price. Of course, if it goes as low as \$45 a barrel, on average, then under the new regime, the subsidy should be of the order of \$655 or so million with the Government paying \$94 million of that.

Mr. Speaker, you will note that the level of subsidy and the Government's contribution have far exceeded the levels of revenues available from the Petroleum Products Subsidy Fund. This negative net benefit position has made it no longer feasible for the Government to sustain the current high levels of subsidy payments. As such, it has become necessary to reduce the levels of subsidy payable by the Government.

In so doing, the Government is mindful of its other strategic objectives in the country, including its desire to maintain petroleum product prices at current levels, so as to promote economic growth in the various sectors and limit any inflationary

impact. Against this background, a more prudent approach to the management of its inflows and outflows would be undertaken with respect to the sale of petroleum products. This would involve a variation of the duties and taxes on petroleum products.

It is anticipated that this approach will not only result in the reduction of the subsidy, but it would also improve the predictability of the Government's revenues, as well as assist the wholesale marketing companies with their cash flow projections.

Mr. Speaker, the way we arrive at the price today, we have something which is called the ex-refinery price. The ex-refinery price consists of something called "the Caribbean postings" which is an average of all of the different prices for products in the Caribbean region, and then you add to that excise duty and then a handling charge and together that gives the ex-refinery price. Then added to that would be the gross margin—the wholesale margin that is set by order for the wholesaler—and that gives the reference price for the products.

### **5.35 p.m.**

Now the difference then between the wholesale price, which is set by Order and that reference price gives us a need for a subsidy because the reference price invariably tends to be lower than the wholesale price. Given that wholesale price, to get the retail price, you add to the wholesale price, the margin for the retailers, and then you add VAT on that total. Added to the VAT is then the road improvement tax, that then gives the final pump price; this is the system as it obtains today.

What we have done is put the road improvement tax effectively to zero in this particular formulation, and that value has now been put as the petroleum excise tax, the number that was there. We have effectively removed the need for a separate collection authority and earmarking of the road improvement tax. Within this framework, the road improvement tax has been abolished, with effect from October 01, 2005, and the removal of the road improvement tax was made effective as of that date by the Provisional Collection of Taxes Order, which of course, we just debated.

If I now come to the excise duties. The excise duties have been varied again, with respect from October 01 to the following rates: For unleaded gasoline we have moved from 99.696 cents per litre to 10 cents per litre; for kerosene, we have moved from 7 cents a litre to 5 cents a litre, and for auto diesel, we have moved from 19.609 cents to 5 cents per litre. Together with these financial proposals

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there has been a downward adjustment in the pricing mechanism used to determine prices sold by Petrotrin to the wholesale marketers, and that is two cents per litre. This two cents per litre which worked out to about TT \$15 million or so in all, which was built into ex-refinery pricing mechanism, has been removed. At the same time, the retail margins for the service station operators has been increased by two cents per litre, and this is to cater for increasing cost of operations.

So that today, the retail margins for unleaded 95 Ron, which is the premium, and Ron is a measure of one of the qualities of gasoline. The research octane number, there is actually two; Ron plus Ron and Mon, which is the both of them combined gives you the octane of the gasoline, but for the unleaded 95 Ron—and thank you very much, Prime Minister—the retail margin has moved from 15 cents to 17 cents for unleaded 92 Ron, which is Super, it is moved again, from 15 cents to 17 cents. For unleaded 83 Ron or regular is moved from 12½ cents to 14½ cents. I should mention that there is not a very large market for the unleaded 83 Ron; it is primarily single stroke engines, and in this case, the fishermen, particularly the fishermen in Tobago—

**Mr. Manning:** For lawn mowers.

**Hon. E. Williams:** And for lawn mowers as well. So we have kept that particular grade available, so that again—of course my colleague from Arouca North; all the fishermen and all those who represent fishermen of the country, we have kept that so that they would have gasoline available to them, and also the lawn mowers and my colleagues are reminding us that our young entrepreneurs in the CEPEP with the whackers. Even so, also in auto diesel, the retail margin has gone from 10 cents to 12 cents.

So, in keeping with the objectives to reduce the subsidy levels, and at the same time maintain the pump prices to consumers, the wholesale prices have been varied with effect from October 01. The retail prices, as I mentioned before, have remained the same. Given the higher proposed wholesale prices and the retail margins, the value added taxes collected by the Government, are expected to increase from \$266 million to \$275 million, and the combined effects of these measures are to ensure that the level of petroleum subsidy will not exceed the subsidy that applied over the last fiscal year and that the public is insulated from increasing petroleum product prices.

In summary, Mr. Speaker, all of these measures are taken together—let me just recap what they are. Of course, the Motion itself speaks to the Order where we reduced the excise duties. We have removed the road improvement tax; we

have had a marginal increase in VAT, and we have put in place an increase in retailers margin, which of course will help them to manage their businesses better. This, of course, combined with the fact that we have put in place a new lease arrangement, particularly with the company owned dealer-operated stations, and also the dealer owned stations, so that they can now, as I said, do their business better. But particularly, the company-owned stations, where the dealers are now able to participate as part of the upgrade. We have also combined that with a new lease arrangement between the dealers and National Petroleum (NP), which allows them to have greater security of tenure and continuity, and so they can now go to the banks and other financing houses to finance and capitalize their businesses.

The overall result is a reduction in the Government's share of petroleum product subsidy, a significant reduction, and most importantly at this time, no change. Mr. Speaker, I want to repeat, no change in the final pump price for petroleum products.

With this Mr. Speaker, I beg to move that the Excise Duty (Petroleum Products) Order 2005, be confirmed in this House.

*Question proposed.*

**Mr. Chandresh Sharma (Fyzabad):** Thank you, Mr. Speaker. I have just a few concerns and a few questions. The first being, the Minister indicated the removal of the Road Improvement Fund (RIF) and the question I have: Tax, what happens with what was provided for under the RIF, included the requirement then that every six months a report would be laid? I know for the longest while, no report has come to the Parliament. In addition, part of the RIF's provisions was for road maintenance including street lighting, roadside drainage and general maintenance. Would those moneys still be available? Secondly, as the Minister indicated, the larger intention of this is to improve the conditions for the operators of the service stations—the gas stations that is—to make sure that this becomes profitable.

Some of the concerns that need to be addressed are the question of services at the service stations. For instance, just a few of the service stations have the compressed natural gas provision, but oftentimes they break down. In recent times, there are two suppliers in San Fernando and almost on a weekly basis, one is out of service. We need to find out whether they are being considered under this provision. Secondly, when one goes to a gas station, they go not only to purchase gas, but of late, for a number of other things, and if one could make a comparison to a gas station, perhaps, in the United States, you could get access to

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a telephone there, which does not obtain here; many of the stations you can get access to washroom facilities and this does not exist in the stations here. The access to other services, in many of these stations abroad and I know at one time, the local stations would have it; access to a motor mechanic. Of late, a number of these service stations are closing very early, so that people are without access to gasoline at nights, because of the security fears, and I know you have indicated that now the operators would be in a better position, and I want to enquire whether we are going to see longer opening hours.

In addition to that, there is an acute shortage of gas stations in the country, and I would like to hear what are the plans for increasing the number of gasoline stations. But more than that, the size of the lot in which the gas station sits, many of them are extremely small, so that it results in a massive traffic pile up; I can give you two or three examples. When you look at vehicles coming into San Fernando from Port of Spain, Curepe and Chaguanas, those that come into the Pointe-a-Pierre Road, there are about two service stations there, and early mornings people going there for gasoline, it piles on to the main road, causing large traffic jams.

The others entering into San Fernando from the Cross Crossing, two service stations there, same situation, and the one on Rushworth Street, the scene of many accidents, simply because customers going into the gas stations have to park on practically the highway to access the service station, because of the long lines. More so when there is a line up for the CNG as well, because the same station provides both.

I was making the point that the high cost of maintaining vehicles, you need to make sure the service stations become providers of upkeep services, and a number of them have not been able to provide that. You talked about a change in auto diesel, but not at the pump, but the quality of the diesel, it seems to be of a very poor quality, and oftentimes you are driving behind diesel vehicles and you are seeing this long line of black smoke, certainly creating danger, not just to the persons driving behind, but to the environment and to those people.

At the gas stations, I am not sure, but oftentimes when you go to the gas stations you see a high turnover of employees, it means to say that two things: either they are not being paid well or there are no packages for those employees. You may want to tell us what provisions are there for employees in terms of health care packages or compensation. Recently, I read in the newspapers that a number of employees in different service stations were held up, and there are injuries obtained on themselves. The point is that there is no compensation from what I have been told.

Recently, I met a young lady who I did not see at a particular gas station in South for a while, and she complained to me that when she went on maternity leave, there were absolutely no provisions for her. She was told: you can go, when you are ready to come back, come back, but during that period I suspect, like my good self, she was not paid for some months.

Mr. Minister, with the crime wave, the bombing and a number of house fires that we saw in recent times, I want to know what provisions are there for somebody coming into a gas station with an empty can and buying a can of gas. Is there a recording system? Can anybody just go and buy gas and leave? Now they can buy it in their car and take it out, one can argue that, but there might be the need for a safety—and I make the comparison with the United States. You cannot go in a United States gas station and purchase gas without a prescribed can, for instance, and it is recorded on the computer system, that Mr. X came and purchased a tank of gas. They look at patterns, to see if this is happening regularly. You may want to give serious consideration to that, because we are seeing a number of things that are not what we wish to see.

Improve the cash flow of wholesalers who bear the burden. I suspect this is for all providers of this service, not just NP wholesalers; wholesalers across the board.

**Mr. Williams:** Wholesalers or retailers?

**Mr. C. Sharma:** Well, improve the cash flow of wholesalers. I am not sure what this is intended to mean. This is page 94 of the budget document and it reads:

“Improve the cash flow of wholesalers who bear the burden of subsidy payments in the first instance.”

**5.50 p.m.**

If you would recall sometime ago that the aunt of a Member of Parliament was murdered returning from a gas station. [*Interruption*] She was a retailer, but the fact is that from the gas station we need to make sure that there are some security arrangements. I am not sure what that could entail, but we need to make sure—why do gas stations operators need to take the cash themselves? Why the manager of National Petroleum cannot provide a simple pick-up service at a given time and they take the money in, check it at the gas station and carry it straight to the bank of choice? That way reduces the possibility. In addition to that, I have gone to a number of

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gas stations and there are no vaults placed in there, so that they would say that there are no vaults. Perhaps it is the requirement of NP to make sure and put in the vaults.

The second item: significantly reduce the level of subsidy payments by the Government; and you have made the point. But I am hoping that since your intention is to improve the profitability of the retailers or the operators of the gas station that it matches the service they offer and we need to see an increase in services. For instance, in the early days when you went to a gas station you would not have to invite someone to wipe the windshield or to check the front to make sure your oil or radiator is up to level. You may want to encourage that kind of thing to make sure that the services are there. What this will really do is to make sure that there are less breakdowns on the roads and will reduce the accidents.

When gas stations are without fuel for one reason or the other, whether it is CNG, it is not good enough just to say, “no service, no gasoline received” or to tell the person who comes in for that service where they can get it next; maybe the gas station down the road may be suffering that same thing. Right now they do not know. So if you ask for CNG they do not know if the gas station up the road can provide this service. You need to encourage owners of motor vehicles—if it is the Government policy and I think it is—to convert or to have more vehicles, in particular, public vehicles. For instance, all those tankers that take the gasoline to the different service stations, they need to go CNG which is environment friendly and would reduce the pollution in the atmosphere. Those are the few things I wanted to raise.

The last thing I wanted to raise is the whole question of the guarantee of workers. As I indicated we seem to have this high turnover, but they seem to have a difficulty getting letters of employment to take to financial institutions; whether to get a mortgage or to purchase something on hire purchase or even to take to the embassy. I recently had cause to enquire from a service station—two employees came and they could not get a letter from their operators saying that they are employed there. They wanted to go to the embassy and I am sure you would have read and seen where a person at the Quik Shop Gas Station in Debe was murdered, and the story that was read during the funeral is that workers were not given time off to attend the funeral. You may want to enquire if that is the policy of the Government in terms of—I am sure it is not, but a number of employees indicated—or certainly, perhaps they could not close down the station, but some arrangements should have been made in such a difficult situation.



I thank you very much. [*Desk thumping*]

**The Minister of Energy and Energy Industries (Hon. Eric Williams):** Thank you very much, Mr. Speaker and thanks to the Member opposite for raising some of the issues. Some of them I would have to look into, particularly, the human resource issues that you just outlined. Let me just answer a couple of the issues that you raised. The change in the retail margin combined with the introduction of a new lease agreement between, particularly the petroleum dealers, members of the PDA (Petroleum Dealers Association). NP, is part of an overall programme we are moving towards where we are indeed going to upgrade all of the gas stations in the country.

National Petroleum is in the process of wrapping up to do that, and we will be doing that in a number of different ways over this next year and in fact over the next five years. That of course is a subset of the overall programme to improve the environment. It started when we promised to remove lead from the gasoline and we have done that, so we now have entirely lead-free gasoline in the country. At the same time, on the supply end, we are upgrading the refinery to again, add more, a higher Ron and Mon number to the gasoline, so that the overall octane content of the gasoline is higher which would be followed by a diesel optimization programme. Again, to do the equivalent for diesel, because the diesel that this refinery is configured to produce does not meet all of the specifications of some of the newer vehicles that are coming on stream.

That does not mean that some of the vehicles are in fact not being properly maintained. Also, we had a situation where kerosene was being mixed with the diesel and running in the vehicles and we took care of that by equalizing the price, because kerosene used to be a lot lower in price than the diesel. So people would supplement diesel by putting kerosene in it and that contributed to the problem and the smoke. So when we moved the price of kerosene to be the same as diesel that was meant to discourage that particular activity. We are in the process of moving forward with the upgrade on the refinery end, and as the Minister of Finance has outlined in the budget, and as I did as well, we are upgrading the entire refinery plant. In fact, we have enunciated a vision for refining so that Trinidad can be a refining centre.

As we upgrade the refinery we condense the space and make space for an additional refinery and we are making some significant changes to that Pointe-a-Pierre area. That is on the supply end. But again if I come back to the gas station end, the retail end, we are in the process of upgrading the plant, it involves—and

NP has been working with the Environmental Management Authority (EMA) to replace the gasoline tanks in the ground, because we know and have known for a while that quite a number of them are leaking.

Your point about the size of the stations, the lots, is absolutely spot-on. We have an old plant throughout the country where a lot of these stations have been there for many, many years, and given the demographics, the size of the road and traffic and so on, today, in fact, many of them do not comply anymore with the setback conditions for the pumps and so on. We are trying to see how we can clean up that situation and at the same time we will be moving towards opening new stations. The one on Tragarete Road is almost complete. Construction has begun on a new one in Tobago and there are several others that are going to be sited throughout the country. We have had a complete study being done by a number of different consultants and we are pretty close now on determining where the new stations will be, given the changed demographics. So that is under way; in fact, it has already begun.

Your point about not having mechanics in the gas station is a point that I take very seriously as well, and in fact, that—and I have to tell you that came about with the advent of the C stores. Apparently the philosophy with the C stores was, as I pointed out in my budget contribution to have a grocery store in the gas station following a North American model. The challenge with that is that the size of the lot, as you quite rightly pointed out, is not appropriately sized. So to begin with, the pumps are too close to the road which causes a traffic jam, and then with the grocery store, it encourages different kinds of activities that are not appropriate for a space that size. And, indeed, there are some safety issues with selling alcohol on the same premises as you are selling gasoline. And, indeed parking. Somebody will pull up to the pump; they go inside to buy two loaves of bread and a soft drink, or some other beverage, and their car remains there while others pull in behind them, because there is nowhere for them to park and you end up having that same traffic jam. You have irate customers. It is just inappropriate.

National Petroleum has come up with a number of different designs that are appropriate and in fact we are working towards changing that entire model. That is why you no longer have oil changing, because they did away with changing oil in some of the stations, it was incompatible with the C store model and we are changing that back to provide some of those basic services in the stations.

We have to look indeed, as I said at some of the HR issues, the wages and so on, but generally speaking this measure of adjusting the excise duties combined with a number of the other measures we expect will not just result in a savings in revenues, but will result in better service over the long run.

With that, Mr. Speaker, I beg to move. [*Desk thumping*]

*Question put and agreed to.*

*Resolved:*

That the Excise Duty (Petroleum Products) Order, 2005 be confirmed.

#### **HORRIFYING BOMBING IN ST. JAMES**

**Mr. Speaker:** Hon. Members, earlier on in the proceedings I had given leave to the hon. Member for Siparia to raise an urgent matter of definite public importance. I now call on the Member for Siparia.

**Mrs. Kamla Persad-Bissessar** (*Siparia*): Thank you very much, Mr. Speaker. As a true patriot—I know the hon. Prime Minister loves to hear that word, so I was humouring him.

Mr. Speaker, I want to thank you for permitting me to raise this matter as a definite matter of urgent public importance. The matter of the bombing in the heart of Port of Spain, in the city that never sleeps, St. James, on October 14, 2005. In a sense this indicates clearly that this Standing Order does work from time to time to allow urgent matters to be brought before the House.

But, Mr. Speaker, I would have thought that a responsible Minister of National Security, given the circumstances and given what transpired on Saturday, would have availed himself at the very first opportunity, on our Order Paper, to come to the Parliament under “Statements by Ministers” and so update the nation and update the Parliament and set it in the public record of the *Hansard*.

I would have thought that is what a responsible Minister of National Security would have done. Today being the first sitting of the House since that event, unfortunately that Minister did not see it so fit and, therefore, it is fit and proper that this Parliament was able to summon him to attend and therefore account to the nation and to give a status update on that very horrifying incident which occurred on Friday.

Mr. Speaker, on the front page of every newspaper on Saturday, on all the TV screens and the radio stations on Friday night, we were given blow-by-blow accounts and we were shown really grizzly pictures of the damage that had been done by this unknown bomber in St. James. I would just like to share some of those with you, Mr. Speaker; “10 injured at Smokey & Bunty” and these are some of the scenes—grizzly scenes—but we need to look at them to remind ourselves of what is happening in this country.

*Horrific Bombing in St. James*  
[MRS. PERSAD-BISSESSAR]

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[Members holds aloft newspaper]

Mr. Speaker, "Bomb blast outside Smokey & Bunty ten hurt, five held", *The Express*; and the *Sunday Newsday* "Pregnant bomb blast victim: Thank God my unborn baby is alive." Yes, they are emotional scenes and there are scenes, I am sure that Members on every side of this House would have wished not to see at all, because they wished that they would never have happened. The human suffering, the trauma of the particular incident on the particular day is really another blot on this land of ours, on Trinidad and Tobago.

**6.05 p.m.**

This is not the first bomb; this is not the second bomb; this is not the third bomb; it is the fourth bomb and up to today we cannot get anything out of the Minister of National Security with respect to who are the persons responsible for the first bomb; for the second bomb; for the third bomb. How many more bombs will there be? How many persons in this country will suffer the actual physical damage and trauma?

That is not all that is really tragic about this; that is not all that is so serious about this. Even more frightening is what it has reduced the state of our citizenry to. As a result of these bombings, nobody in Trinidad and Tobago feels safe anywhere. Mr. Speaker, I do not know if you have been to public places recently; all these bombings have targeted public places where many, many people are about. It is clear that they are designed to cause as much damage as possible; to hurt as many people as possible.

If you go to a public place, the slightest noise you hear you would see everybody scampering, everybody would jump up, because everybody is so afraid. There was a day when if you said, "Bomb threat", I do not know if you remember, Mr. Speaker, business would go on as usual in Trinidad, because there was always somebody who did not want to go to school that day, so they called in a bomb scare. If somebody did not want to go to court a particular day, he would call in a bomb scare, but nothing happened then. In the last four months, we have witnessed bomb, after bomb, after bomb, after bomb. When is the next one going to be? I am glad the Minister is here. I want him to let us know what steps have been taken. He may not be able to give us details, but he must be able to give us an assurance that more is being done than has been done for the last three bombings, because this is no longer a one-off thing.

I remember when the first bomb exploded down there; the Junior Minister of National Security stood in this Parliament and said that it was God applauding the

PNM. Friday night when it exploded outside of Smokey & Bunty, it was a busy place out there. You know what was interesting? Smokey & Bunty is a well-known watering hole for PNM officials. Tell me if I am wrong, Minister Valley; Minister Valley.

**Mr. Valley:** Mr. Speaker, please, I have never been to Smokey & Bunty—  
[*Interruption*]

**Hon. Member:** Yes!

**Mr. Valley:**—well, perhaps on one occasion; but that is not my watering hole. I have my own watering hole.

**Mrs. K. Persad-Bissessar:** It is not your watering hole, but you have been there.

**Mr. Valley:** Ask Dr. Moonilal where our watering hole is in St. James.  
[*Crosstalk*]

**Mrs. K. Persad-Bissessar:** Mr. Speaker, it is a well-known watering hole of PNM officials; if I am not mistaken, several Members on the other side; they know who they are.

**Mr. Manning:** Who are they? [*Crosstalk*]

**Mrs. K. Persad-Bissessar:** The question arises: Why was this bomb placed outside Smokey & Bunty? That might be on the side, but the real reason is, obviously, because it is a well-frequented place; there are many people out there at that time on Friday night; just as there were endless people down at the KFC outlet when the last one exploded; and in downtown Port of Spain, it was in the same manner.

We saw an instant response: The Minister and the Commissioner were on the scene. The Prime Minister came and said, "Stay calm." I always ask, with due respect, hon. Prime Minister, "How can you stay calm in a situation like that?" You do not know when next? I read in the newspaper today that stations in the Southwestern and Eastern Division and full security forces have been called out, because there are threats. Tell us whether this is so; tell us whether we should all try to get out of here and go home.

Today, when I was walking into the Parliament, two security officers outside the Parliament asked me, "Is there a Parliament sitting today?" I said, "Yes, of course." They asked, "Why is the place so empty; how come it is so scanty?" I asked them what they meant and they said, "So few people are here." I said, "Well, people are scared of bombings." [*Crosstalk*]

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Mr. Speaker, an immediate response appeared: the Commissioner and the Minister were there and there was a hands-on approach; instantly arrests were made. Today, I read that those persons have been released. So was that just a smokescreen, as some people have said? Was there anything of worth or merit, in that, you grabbed these people, kept them overnight and eventually let them go? There is absolutely nothing wrong with the police conducting enquiries, but that was a false hope that you might have detected and found someone.

I was looking in the very same *Guardian* newspaper today and there was the whole issue about the rate of detection. The Minister of National Security has admitted that the detection rate is exceedingly low, when it comes to murders, kidnapping and, obviously, it is zero when it comes to bombings. There is absolutely no detection rate when it comes to bombings.

Mr. Speaker, I have half an hour, but I will not take it, because I think that the nation needs to hear from the hon. Minister. Tell us, hon. Minister, what we can do or what we can expect. Tell us how the citizenry must go about its business, so they do not live in despair and trauma, but live in safety. This is a clear blot on our national image and internationally. Who would want to come here when every month there is a bombing? When 300 murders have taken place? When so many kidnappings are taking place and your Ministry, with due respect, seems to have absolutely no answer whatsoever.

Your Commissioner of Police talks tough. The Member for Diego Martin West "boof him up" in the Parliament the other day, so he talks tough. After the fourth bomb, the Commissioner talks tough, at last. He talks about drastic measures. What are the drastic measures? I quote from the *Guardian* of Sunday, October 16, 2005 on page 3:

"Commissioner of Police Trevor Paul promised yesterday to take drastic measures to rid the country of criminal elements."

So what was he doing all the time? Was he not taking drastic measures when the crime rate was just spiralling? No drastic measures were being taken?

"Reading from a prepared speech Paul declared, 'We are in troubling times that require drastic measures.' Not revealing what these measures were Paul said the police would be relentless. 'Nothing will stop us from digging out criminals from wherever they may be.' The promise of hard action came the day after the device, fourth in four months, exploded in St. James on Friday injuring 14 people. Two weeks ago Housing Minister Keith Rowley criticized the Commissioner for not taking a more public role in the fight against crime.

Yesterday Paul was hosting a press conference...Paul said the public had demanded action from the police and action they would get. He said there would be zero tolerance."

What is new? We have been hearing about zero tolerance for the last three years. Earlier today I said that we have gone from all the letters of the alphabet; from A to Z, from anaconda to zero tolerance and we come back down to Z again, zero tolerance. This gives us absolutely no assurance. The words of the Commissioner that were meant to comfort, gives us no assurance whatsoever. This is why, with due respect hon. Prime Minister, we cannot stay calm. This weekend I was out and about. It is the Divali season so we are out visiting constituents in their various celebrations and people are terrified. People are afraid. What will this do? What will it do to the psyche of a people?

In the evenings when you should be recreating so you can go back out to work the next day, renewed, rejuvenate and rested, you cannot, because when you get up in the morning you are in fear; when you go to sleep in the night you are in fear; when you go to work, you are in fear; when you are leaving work, you are in fear and whilst you are at your workplace, you are in fear. This demoralizes the entire population; so there is emotional trauma at every level. There is emotional trauma on behalf of loved ones out there and on top of the emotional trauma—  
[*Interruption*] [*Crosstalk*]

**Mr. Speaker:** Order!

**Mrs. K. Persad-Bissessar:**—it is going to affect businesses; it is going to affect the economy seriously. Crime is already affecting Trinidad and Tobago's economy. If the Government's policy measure is to make us this great financial centre, who wants to come here when bombs are exploding everywhere? They should go to Barbados; there are not bombs exploding there. [*Crosstalk*] We must put our house right; we must get it right. Therefore, I cannot agree with the Prime Minister's words that we must stay calm.

The further question keeps arising all the time. Is the Government in bed with the criminals? Is it that the Government cannot deal with crime, because it is part of the crime? It seems hopeless and helpless. I remember that whenever there was school violence, they would say it is the football or Carnival. What is going to happen to Carnival? The Carnival season is upon us. [*Crosstalk*]

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

**Mrs. K. Persad-Bissessar:** The bands are launching and so on. What is going to happen to Carnival, when thousands of people are going to be out in the

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fetes and in the streets? What measures are going to be put in place? I read where the Minister said that he was going to bring in the Federal Bureau of Investigation (FBI) and Scotland Yard and that he asked them to hurry up and come. All that is good and well, but it is not enough. So, please, Mr. Minister, tell us and the nation what you will do.

I thank you, Mr. Speaker.

**The Minister of National Security (Sen. The Hon. Martin Joseph):** Mr. Speaker, it is public knowledge that over the last four months this country has experienced four bombings, on July 11, August 10, September 10 and last Friday, October 14.

On that occasion, the explosion resulted in injures to 14 persons. As with the previous bombings, the relevant operation and first-response agencies of the Ministry of National Security were on the scene within minutes of the explosions, removing the injured, securing a perimeter around the crime scene and initiating a comprehensive, detailed investigation into the respective incidents.

The investigations into all the bombings have been undertaken by a multi-agency investigation, with the Trinidad and Tobago Police Service as the lead agency. All agencies of the Ministry of National Security are working assiduously, in support of the investigators, to determine the identity of the perpetrator or perpetrators of these acts.

In all the bombings, relevant samples were sent to the United States FBI for analysis. As at 3.00 p.m. today, October 17, 2005, we received preliminary results from the FBI and these analyses are being reviewed for further action. Mr. Speaker, the most knowledgeable Trinidad and Tobago Police Service and other law enforcement agency personnel, are working on the bomb investigations. We met recently to take stock of, one, what useful intelligence the agencies have on those bombings; two, to compile a statement of what has already been done and, three, to review the inventory of personnel and equipment being used in the investigations.

We have requested, through the US Ambassador, further assistance from the Federal Bureau of Investigation. Why the FBI? It is the pre-eminent agency in the world for investigating bombings. Incidentally, one of the reasons for the delay in the FBI providing us with the results of the three previous bombings is because they were tied up dealing with the London bombings.

We need two forms of assistance, one short-term and one long-term. The short-term assistance should be focused on assisting our law enforcement agencies in determining who is or are responsible for the bombings and implementing strategies to prevent future bombings from this source or these sources.



The second form of assistance to be requested from the FBI is to seek a thorough evaluation of the existing organization and practices used by the Trinidad and Tobago Police Service to deal with bombings and terrorist acts, followed by FBI technical advice and training. The Federal Bureau of Investigation can provide technical advice on how best to organize to deal with these threats in the future and can provide training or offer referrals to other agencies that can provide such training.

Mr. Speaker, as stated before, the FBI already has evidence from the previous explosions at their laboratory and should be able to build on whatever intelligence base they already have. If expertise from Alcohol, Tobacco and Firearms (ATF) or other agencies is needed, the FBI can arrange it. The FBI's local representative has already expressed a desire to assist and is assisting in this effort. So far, we have been very fortunate that losses caused by these bombings have not been greater. However, the psychological cost, in terms of public fear and anxiety, are undoubtedly quite high and unacceptable to this Government.

Even if the bombings are being done by just one or a few individuals, rather than as part of a crime syndicate, the last thing we want is for others to follow in copycat fashion. Because of the public sense that a bombing can happen anywhere to anyone, this is probably a greater threat to the legitimacy of law enforcement, than any other threat. It is, therefore, absolutely necessary to apprehend those responsible and bring the individual or individuals to swift justice.

**6.20 p.m.**

These incidents underscore the magnitude of the challenge we face and the fact that we all have a role to play in creating a safe environment to ensure Trinidad and Tobago's continued growth and prosperity.

While the law enforcement and security forces must lead the fight against crime and violence, success will require that every citizen play his role by providing law enforcement agencies with timely and accurate information about illegal activities. As the authorities increase their efforts at law enforcement, law-abiding citizens may experience disruptions to their routines. We ask the public for their patience, understanding and support. Rest assured that these bombings are being rigorously investigated by our law enforcement agencies and with the help of our international partners we are confident that these investigations will be successful.

I thank you. [*Desk thumping*]

**The Prime Minister and Minister of Finance (Hon. Patrick Manning):** Mr. Speaker, I would not have intervened in this debate had it not been for the comment made by the hon. Member for Siparia in her contribution—the final comment—a suggestion that there has not so far been any successful detection of the crime and nobody has been brought to justice perhaps because the Government might be in league with the criminals who are involved in the bombings—a clear suggestion from the Member for Siparia.

The Member for Siparia quite rightly pointed out as, indeed, the hon. Minister of National Security, that this is the fourth bomb that went off on Friday last; that it has had the effect of traumatizing significant sections of Trinidad and Tobago and that it is not something that has to be underestimated. I wish to make it quite clear, speaking as head of the Government of Trinidad and Tobago, that it is a matter that we take quite seriously; it is not something that we are underestimating. We are well aware and we fully understand and appreciate the implications of it and the potential it has for just not destabilizing the peace and tranquility of the country, but for destabilizing significantly and derailing the investment effort that is going on at this time at full pace, both in the energy and non-energy sectors. So we are not taking it lightly.

I would like also to support what the hon. Minister of National Security has said, to reassure the people of Trinidad and Tobago that we are doing all in our power to ensure that those responsible are brought to justice. Permit me to remind hon. Members that it is not the first occasion in my experience that we have had a spate of bombings in Trinidad and Tobago. Some may be too young to recall it; some may not have been aware that it has happened before. But, indeed, in the late 1980s there were a series of bombings in this country, and at the last count, if I remember it well, there were about 40 bombs that were exploded in that period of time. [*Interruption*]

It is the history and it is necessary for me to go through it. And if you analyze the circumstances existing in the country in the late 1970s, you would realize that we were in an oil boom at the time; that for the second time there was an oil price shock in 1979 as a result of an outbreak of hostilities between Iran and Iraq; oil prices at that time had soared to \$40-plus a barrel, settling down eventually to \$34 a barrel. The implication of it being, at a time when our oil production was almost at peak—it had just come off the peak—that the country was the beneficiary and recipient of a lot of financial resources and the money was being spent. In fact,

the budget for 1978 was a budget to which reference has been made in the last budget debate, pointing out that the budget for 2006 was similar in scope, intent and orientation to the budget for 1978.

May I also say that the ULF was formed in 1976 and had not yet completed its first term of office. At that time we also had a political situation in which there was a defection from the PNM and there was an impending challenge. The ONR had not yet been formed but came on the scene shortly thereafter. That was the situation that existed then.

Examine the situation as it exists today. What you would see is that we are in another period where we have high oil prices, which have hit \$65 and \$70 a barrel at this time, and even though our oil production is down to 150,000 barrels a day, from the 240,000 in 1970, we are in a period where our gas prices and gas production are very high; it is three billion cubic feet a day and about to go to four in December this year. So the country once again is in a period of high revenues and, therefore, in a position to sustain a very ambitious development programme.

It is in that situation that four bombs have been exploded in Trinidad and Tobago.

**Dr. Moonilal:** Thank you very much, Mr. Prime Minister, for giving way. I just want to be very clear. It is an incredible argument. Are you suggesting that the bombings are related to the economic cycle vis-à-vis the energy sector and the economic prosperity brought about by energy and apparent divisions in the Opposition in the period 1978, and you are relating the period 1978/1980 to this period today, so that these bombings are caused by economic prosperity and some apparent opposition fragmentation? Is that your argument?

**Hon. P. Manning:** Mr. Speaker, I draw absolutely no conclusions. What I am doing is laying the scenario as it exists today and as it existed then. May I also say that the Government of Trinidad and Tobago at this time—and listen carefully to what I am about to say—has a good idea of who Mr. “Big” is in this matter.

**Mr. Singh:** Mr. Who?

**Hon. P. Manning:** Mr. “Big”. The Government has a good idea who Mr. “Big” is in this matter. And let me say, there is a difference between information and evidence. Under our Constitution you need much more than information to be able to bring people to justice. What the State is doing now is collecting our information and we are bringing to bear the best technical expertise available to the Government of Trinidad and Tobago. Very shortly we will supplement our resources with expertise

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both from Scotland Yard and the FBI, so that we would give our country the best chance of successfully emerging from this situation and we believe, more than likely, to bring the perpetrators to justice.

I want to ask one question. Compare the two situations as they existed in 1978, 1979 and 1980 and the situation as it exists now, and ask yourself the question: Who would have an interest in this situation in destabilizing the Government of Trinidad and Tobago? That is the question. [*Interruption*] That is why I would not have said anything, had it not been for the comment of the Member for Siparia; a suggestion that the PNM was in cahoots with the criminal element and, therefore, we can and will do nothing about the bomb situation. I am saying to you that the Government has a good idea of who Mr. “Big” is, and without wanting to be unfair to anybody, I just outlined the two scenarios. I therefore ask hon. Members—because all of you have been to school and you all are intelligent, and also Members on our side—who in the current situation in Trinidad and Tobago is likely to have an interest in destabilizing the Government of Trinidad and Tobago? I rest my case, Mr. Speaker. [*Desk thumping*]

#### ADJOURNMENT

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Mr. Speaker, I beg to move that the House do now adjourn to Friday, October 21, 2005 at 1.30 p.m. I want to inform my colleagues on the other side that on that day the Government plans to debate Motion No. 3 on the Order Paper, the Land Acquisition, as well as Bill No. 1: An Act to give effect to the Trade and Economic Cooperation Agreement between the Caribbean Community (CARICOM) and the Government of Cuba.

*Question put and agreed to.*

*House adjourned accordingly.*

*Adjourned at 6.30 p.m.*