

Leave of Absence

Tuesday, November 10, 1992

SENATE

Tuesday, November 10, 1992

The Senate met at 1.30 p.m.

PRAYERS

[MR. PRESIDENT *in the Chair*]

LEAVE OF ABSENCE

Mr. President: Hon. Senators, I have granted leave of absence to: Sen. Prof. John Spence from November 4 to November 15, 1992, as he is out of the country; Sen. Diana Mahabir-Wyatt from, November 7 to November 13, 1992, who will be out of the country; and Sen. G. Draper and Sen. S. Callendar from today's sitting of the Senate.

SENATORS' APPOINTMENT

Mr. President: Hon. Senators, I have been advised that his Excellency, the President, has appointed Dr. Eric Baldwin Anderson St. Cyr, to be a temporary Senator, with effect from November 9, 1992, during the absence from Trinidad and Tobago of Sen. Prof. John Spence.

I have also been advised that his Excellency the President, has appointed Prof. Kenneth Ramchand to be a Temporary Senator with effect from November 9, 1992, during the absence from Trinidad and Tobago of Sen. Diana Mahabir-Wyatt.

OATH OF ALLEGIANCE

Sen. Dr. Eric Baldwin Anderson St. Cyr and Sen. Prof. Kenneth Ramchand took and subscribed the Oath of Allegiance as required by law.

**VALIDATION OF THE FIFTH REPORT OF THE ELECTIONS
AND BOUNDARIES COMMISSION (TOBAGO) BILL**

Bill to validate the Fifth Report of the Elections and Boundaries Commission on the boundaries of the electoral districts in the electoral area of Tobago [*The Attorney General*]; read the first time.

Motion made, That the next stage of this bill be taken at the next sitting of the Senate. [*Hon. K. Sobion*]

Question put and agreed to.

ORAL ANSWERS TO QUESTIONS

Exploratory Wells

19. Sen. Wade Mark asked the Minister of Energy:

Could the hon. Minister state:

- (a) How many exploratory wells have been drilled annually by Amoco Trinidad Oil Company as well as other local and foreign oil companies between the period 1980 to 1991?
- (b) The result of the efforts of these wells drilled by Amoco, the depths of these drillings in respect of Amoco and the estimated cost of the exploratory wells drilled by Amoco between the period 1980 to 1991?
- (c) The various incentives provided to the local and foreign oil companies for the drilling of exploratory wells in Trinidad and Tobago?

The Minister of Energy (Sen. The Hon. Barry Barnes): Mr. President, question 19 (a): During the period 1980 to 1981, a total of 17 exploratory wells were drilled by Amoco Trinidad Oil Company. Thirty-eight wells were drilled by other foreign oil companies and 84 by the locally owned companies, including Trinmar. The total number of exploratory wells drilled over the period I accordingly 139.

Part (b): Of the 17 exploratory wells drilled over the period by Amoco, seven wells were successful: six of these seven wells flowed crude oil when tested. The other, North-east Queen's Beach I, flowed gas. The remaining 10 unsuccessful wells proved to be dry wells.

The total exploratory footage drilled by Amoco was 186,044 feet with a total reported expenditure of \$286 million. Individual wells were drilled to depths ranging from 6,294 feet to 16,466 feet.

Part (c): Companies drilling exploratory wells in the marine environment received the following incentives over the period 1980 to 1981:

- (1) 150 per cent of exploratory well cost was granted as a tax exempt allowance against supplemental petroleum tax.
- (2) A capital allowance equal to the exploratory well cost was allowed to be written off against petroleum profits tax at an initial rate of 22.5 per cent and thereafter at a fixed rate of 12.5 per cent annually on the residual balance.

- (3) Waivers of import and stamp duty were granted on equipment, material and machinery used in drilling offshore exploratory wells.

For the companies drilling exploratory wells on land, the following incentives were available over the period 1980 to 1991:

- (1) 150 per cent of exploratory well cost was granted as a tax exempt allowance against supplemental petroleum tax.
- (2) A capital allowance equal to 150 per cent of the exploratory well cost was allowed to be written off against petroleum profits tax at an initial rate of 40 per cent of gross-up cost and thereafter at one-fifth of the residue for each of the next five years.
- (3) A land production allowance equal to the full amount of the royalty paid on Petroleum I and saved from the first time production of a geological horizon in Trinidad and Tobago was granted as a tax exempt allowance against petroleum profits tax for the first three years of production from the said horizon.

Sen. W. Mark: Mr. President, could the hon. Minister indicate to us a breakdown of the wells drilled by Amoco on an annual basis between 1980 and 1991?

Sen. Barnes: Yes. In respect of Amoco, 1980, one well; 1981, one well; 1982, two wells; 1983, no exploratory wells; 1984, no exploratory wells; 1985, two wells; 1986, two; 1987, one; 1988, two; 1989, four; 1990, none; 1991 two.

Prime Minister's Residence (Kitchen Equipment)

20. Sen. Wade Mark asked the Minister of Works and Transport:

Could the Minister state the name/s of the supplier of the kitchen equipment for the Prime Minister's residence and precisely how much did each item cost?

The Minister of Works and Transport (Hon. Colm Imbert): Mr. President, the Minister of Works and transport wishes to advise that all of the kitchen equipment supplied to the official residence of the Prime Minister was purchased from Grell Taurel Limited. The items purchased and their costs are as follows:

- One fryer, \$6,457;
- One refrigerator, \$22,315;
- One freezer, \$30,903;
- One ice-maker, \$16,195;
- One chiller, \$14,613;
- Another chiller \$8,214;
- One gas range, \$10,871; and, finally.
- One electric hot food table, \$23,800.

At a total cost of \$149,825.

SWAHA (INC'N) BILL

Question put and agreed to, That a bill to provide for the incorporation of SWAHA and for matters incidental thereto, be now read a second time.

Bill accordingly read a second time.

Bill referred to a special select committee of the Senate appointed by the President as follows: Sen. Ainsley Mark (Chairman), Sen. Ashick Hassin, Sen. Muntaz Hosein, Sen. Rev. Daniel Teelucksingh.

SUPPLEMENTARY APPROPRIATION BILL

Order for second reading read.

The Minister of Finance (Hon. Wendell Mottley): Mr. President, I beg to move that a bill to provide for the Supplementary Appropriation for the service of Trinidad and Tobago for the year ending December 31, 1992 be read a second time.

Mr. President, on Friday, October 30, 1992, the House of Representatives of the Republic of Trinidad and Tobago met to debate the Supplementary Appropriation Bill which authorized expenditure in the sum of \$233,450,000 for the service for the year December 31, under the following heads:

- Head 01, President, in the amount of \$313,788;
- Head 08, Elections and Boundaries Commission, \$7,339,206;
- Head 18, Ministry of Finance, \$210,797,006; and
- Head 42, the Ministry of Local Government, \$15 million.

Let me deal firstly with item, Head 01, the President. Under this head of expenditure, Mr. President, additional funds in the sum of \$313,788 was provided to the office of the President for continuing normal expenditure. The sum of \$1,638,656 was provided in the 1992 estimates of expenditure under goods and services to meet the cost of its operations but this proved inadequate. Reasons being:

- increases in electricity bills due to readjustment;
- increases in the price of gasoline;
- increases in the number of official functions;
- increased wages to daily-paid staff; and
- increased salaries and cost of living allowance to the monthly-paid staff.

Under Head 08, Elections and Boundaries Commission, additional funds in the sum of \$7,339,206 were provided to the Elections and Boundaries Commission to meet shortfalls in expenditure. I will point out that the biggest item in the shortfall was an amount of over \$2.5 million which was due to bills carried over unpaid from the December 1991 election which had not been picked up in the estimates. On top of that, the Elections and Boundaries Commission had two elections carded for this year—the local government election and the House of Assembly election, and the requirement to do additional registrations and many advertisements to ensure that the registering process was carried through.

Mr. President, the major item of increased expenditure is under the Ministry of Finance, Head 18, in the sum of \$210,797,006. In fact, this sum represents disbursements made by the Inter-American Development Bank in respect of a loan for the secondary recovery of oil and refinery modernization project.

The Ministry had conflicting advice on this particular matter at the time of the original presentation of the budget, which led us first to include this item in the budget as it was presented, and then just before the budget presentation take it back out, and now we have to budget it back in.

Let me explain what happened: As the Government is the borrower from the Inter-American Development Bank, it is important that the transaction relating to this loan be reflected in the books of the Republic. It is, therefore, necessary that

an allocation be included in the estimates to reflect the amount which would be provided under an appropriations account to facilitate the sum unlent to the energy sector. The sum of \$546,125,000 was originally included in the 1992 draft estimates of expenditure but was later excised due to the fact that the draw-downs on the loan were not being credited to the Government since they were to be received by the Central Bank and disbursed directly to the companies in the energy sector. The sum of \$546,125,000 was originally included in the 1992 draft estimates of expenditure but was later excised due to the fact that the drawdowns on the loan were not being credited to the Government since they were to be received by the Central Bank and disbursed directly to the companies in the energy sector.

The Comptroller of Accounts, however, by memorandum dated August 18, 1992, drew the attention of the Ministry of Finance to section 112(1) and (2) of the Constitution of the Republic of Trinidad and Tobago which states as follows:

“(1) All revenues or other moneys raised for receipt by Trinidad and Tobago, not being revenues or other moneys payable under this Constitution or any other law into some other public fund established for a specific purpose shall, unless Parliament otherwise provides, be paid into and form one Consolidated Fund.”

Further,

“(2) No moneys shall be withdrawn from the Consolidated Fund except to meet expenditure that is charged upon the fund by this Constitution or any Act or where the issue of those moneys has been authorized by an Appropriation Act or an Act passed in pursuance to section 114 or in accordance with any other law.”

In addition, the Comptroller stated *inter alia* that:

“The effect of the foregoing is that all draw-downs must be brought into our books and credited as revenue under the heading ‘borrowing’ and all disbursements to the energy sector must be reflected in the books as ‘expenditure’ under an appropriations account.”

As the Government is the borrower from the Inter-American Bank, it is necessary that a transaction relating to this loan be reflected in the books of the Republic. It is imperative, therefore, that funds be provided under an appropriations account to facilitate the accounting for the accounts being unlent to Trintoc and so forth.

The utilization of the Central Bank as the agency for receipt and disbursement of the funds does not negate the need for the proper accounting of these funds in the manner prescribed.

Mr. President, as of September 30, 1992, the disbursement against the IADB loan was \$180 million and the projected disbursement that we are forecasting to the end of December 1992, to carry to the end of his budgetary period is \$218,450,000. Hence, the particular item under this supplementary appropriation.

I move onto the other item, Head 42, under the Ministry of Local Government. The provision of funds in the 1992 estimates for the cities, boroughs regional corporations proved inadequate to deliver an acceptable level of service. It was, therefore, agreed that unspent balances held by these bodies should be deposited to revenue and a supplementary appropriation be provided. So it is an in-and-out transaction. There were unspent balances that were retired and then we are moving a supplementary appropriation in the amount as stated. Unspent balances of \$15.7 million held by the former county councils, boroughs and corporations as at December 31, 1990, were subsequently deposited to revenue and Cabinet agreed to the provision of supplementary funds in the amount of \$15 million to the Ministry of Local Government to meet the following items:

- Shortfalls in scavenging;
- Continuation of the exercise of clearing cesspits by solid waste; repairs to vehicles, repairs to broken bridges; and
- To enable the San Fernando City Corporation to pay wages and provide goods and services for the additional areas included in the boundaries of the City in accordance with the Municipal Corporations Act No. 21 of 1990.

All of these items totalled, on the current side, \$14.19 million.

Then, on the development programme, outstanding accounts for the Arima Borough Council, the establishment of a dump at the Point Fortin Borough Council and the Chaguanas Borough Council, implementation of measures to provide short-term solutions to the problems of the Chaguanas market. These capital items on the development programme add up \$810,000 to add with the recurrent items, a total supplementary appropriation of \$15 million.

Let me move on. Finally, Mr. President, certain transfers were effected. Transfer of funds between subheads under the same head of expenditure with effect from August 1, 1998. Cabinet delegated its authority to approve transfers

between subheads to the Minister of Finance when it agreed as follows: Request for transfer of funds between separate subheads under the same head of expenditure should no longer be submitted to the Cabinet but can be decided by the Minister of Finance on the advice of the budget division. Consequently, the Minister of Finance authorized the transfer of funds between subheads under the same heads of expenditure in the sum of \$40,758,373 and details of these transfers are given as follows.

Under Head 15, the Tobago House of Assembly, there was a transfer in the amount of \$1,487,035. The purpose of these was to meet payments to Selwyn Vidale and Associates for work done on the establishment of the Lowlands Regional Recreational Ground in Tobago. This was the centre of a court matter between the Tobago House of Assembly and Selwyn Vidale and Associates for non-payment of services rendered in connection with this recreation ground. It was eventually agreed that it would be in the interest of the Tobago House of Assembly to settle this matter out of court, rather than to escalate costs in an uncertain out-turn in court. The sum of \$1,487,035, which includes VAT, was transferred.

Head 22, the Ministry of National Security. Under this Head, a sum of \$11,566,985 was transferred from personnel expenditure of goods and services to meet outstanding bills. Of this sum, an amount of \$4.2 million was paid for helicopter services, while sums of \$0.4 million and \$2.1 million were transferred to meet the cost of uniforms and fuel respectively. In addition, amounts of \$0.6 million and \$2.2 million were utilized for travelling and to meet the cost of food for the Defence Force.

2.00 p.m.

Under Head 26, Ministry of Education, a sum of \$3.9 million was transferred from Personnel Expenditure to the development programme to meet urgent repairs to schools under the Vacation Repair Programme. Under this programme, Mr. President, a number of very urgent repairs were identified by the Ministry of Education and urgent repairs were done in the course of the August vacation to a number of schools. Some of these schools that were repaired under this programme were—I list first the Government schools. These are just some of the schools—the list is longer than this—the Mt. D'Or School, La Pastora, Santa Cruz, Monkey Town, Clarke Rochard. Among the Roman Catholic Schools repaired are, St. Joseph, Santa Cruz and Barataria. Presbyterian Schools repaired:

Penal, Bien Venue; and other schools such as the Curepe Vedic School, and the St. Stephen's College.

Finally, under Head 41, the Ministry of Community Development, Culture and Women's Affairs. Mr. President, one will remember: Carifesta—amounts of \$1,253,000 and \$3.5 million were transferred from Goods and Services and Current Transfers and Subsidies to meet expenses of the National Carnival Commission for Carifesta V.

In all, Mr. President, these supplementary appropriations result in an overall increase of \$233,450,000 and the total Estimates of Expenditure is already approved by Parliament in respect of 1992. The new appropriation, therefore, will now be \$8,232,968,497. Mr. President, I beg to move.

Question proposed.

Sen. Wade Mark: Mr. President, the object of the bill before us today is to authorize supplementary expenditure of the sum of \$233,454,000 for the service of Trinidad and Tobago for the year ending December 31, 1992 under the Heads of expenditure set out as outlined in the Schedule.

The issue of supplementary appropriation has now assumed a kind of proportion in the Parliament of Trinidad and Tobago that boggles the imagination. It seems like in 1992 we had two budgets. One that was presented in January and we have a second budget being presented. The only difference this time is that acts have already been committed; decisions have already been taken; and transfers have already been made. This Parliament is, once again, being subverted by this regime.

Mr. President, the Supplementary Appropriation Bill, 1992 which deals, as the Minister said, with some supplementary expenditures and transfers, which would involve transfers from one head to another, is one that, as outlined by the Minister, one cannot argue seriously—building schools, *et cetera*, repairing schools—but the principle is what we would like to focus on. We think this annual ritual requires some focus.

The question of financial accountability arises once again. Whether we in this House would be called upon year after year to simply approve expenditure that has already been engaged in, without this Parliament really having a say before; the question of proper planning and forecasting is very important in this context. I guess the Minister of Finance has indicated to us they have new equipment and

new tools at his Ministry, so we would expect that in 1993 there would be more accurate planning and forecasting.

Mr. President, the system of public finance remains loose and almost corrupt, as Sen. Mansoor said some time ago. We have not had—and we were hoping against hope that the current PNM Government, which was in power for 30 years, now back possibly for another five years, would have brought about some, or begun to lay the basis for, meaningful reforms to the system of public finance in our nation.

They have many accountants, bright people, they say, on their side. We would hope, Mr. President, that they can utilize those people to deal with this particular issue before us. This Parliament authorized the Ministry of Finance to spend revenue according to approved heads of expenditure. Without any parliamentary intervention and belated justification, the same Parliament is now being requested to vote in favour of a bill to justify and, at the same time, approve expenditures which were varied unilaterally by the Government.

Mr. President, it is in this context and against this background, that the Opposition has been calling for the establishment of a joint parliamentary committee. We have repeated it over and over and we repeat it again today. We need to establish a joint parliamentary committee with the objectives of monitoring and policing the implementation of budgets in Trinidad and Tobago. It is the only way that we can bring greater accountability to the nation and ensure that the Government does not abuse its power. You know, there is a tendency to abuse power, and we have already seen signs of that in this so-called "new" PNM.

There is something radically wrong with our financial system and we feel that the honourable Minister of Finance ought to pay some attention to this question. Luckily for us this round, we have been given some details by the Minister, sketchy though they may be. The fact of the matter is that we receive these documents every year and get no information of value from these documents. It is only when the Minister comes here he would elaborate on some elements of the various heads—why this head was increased, or another head decreased. But in terms of information so that we can come to intelligent judgments and come here and have meaningful inputs into the debate, we are stranded, because the Government has not changed. We have an old saying, "if you plant fig you cannot expect mango". But this Government has been in power for 30 years and it is the same old beat every year. *[Interruption]* Well, the party has been in Government for the last 30 years.

Mr. President, we continue to insist that such an exercise as we are engaging in today, makes a mockery of our nation's democracy and of the entire budgetary process. What kind of control do we really have in this Parliament? Do we have any, Mr. President? We contend, on this side, that Parliament has now been transformed into a virtual observation post. We are an observation post. The Government does its thing and we are informed subsequently.

We want to advance, very strongly, the need for a joint parliamentary committee to monitor Government's expenditure and activities, particularly as it relates to the budget. We want to insist and we will continue to plug.

2.10 p.m.

This present Government has, so far, done little or nothing to change the almost corrupt financial system that governs the public finances of Trinidad and Tobago. The Auditor General's Report, every year, reveals a litany of corrupt activities in the public sector, as far as public finances go, and the Government has not done anything to date.

Mr. President, we understand the basis for the re-allocation of this \$0.25 billion in supplementary allocation, but we feel, as I said, it makes a mockery of the budgetary plans and processes of the Government. We also feel that the Government of Trinidad and Tobago is undermining the parliamentary process. They say that we, the Opposition, are making Parliament irrelevant and turning it into a fish market, but it is activities like these, perpetuated by a regime that cares; that says it is committed to public accountability, decency and morality in public affairs, that makes the Parliament a virtual laughing institution. Not the Opposition. We made it very clear that we are not here to make the Government look nice, and we are not passengers in any car.

We are here to do a job and we will do it without fear or favour and our ultimate objective, as you know, Mr. President, is to rid the country of these new parasites. All they have done since they came into power is to fix up themselves. Two major achievements of this Government so far, are good concessions and allowances for the Ministers and parliamentary colleagues, and the recent hefty hikes in salaries for the Ministers.

Mr. President, the Minister of Finance, in his statement, referred to the increase in the amount allocated to the Ministry of Finance. If one looks at this particular area, one would see where a significant sum of almost \$1 million was spent on what is called "consulting and other contracted services of the Treasury

Supplementary Appropriation Bill
[SEN. W. MARK]

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Division”. The hon. Minister of Finance did not indicate what these services are about. We would like him to indicate to us, on this side, what was this \$1 million virtually spent on and captured under “consulting and other contracted services of the Treasury Division”.

Who are these contractors, and what are the additional funds specifically used for? Is the contractor involved foreign or domestic? We have no information, and the hon. Minister of Finance has very skilfully and cleverly skirted that issue. We, on this side, would like him to clarify that for us. How come this additional expenditure for these services were not budgeted for in the 1992 budget? What happened? More increases in electricity rates? What took place? We want to get some information.

We see all funds coming from DOMA, the Downtown Merchants Association. I think Sen. Rahael, champion of DOMA in the new dispensation, his heart is probably bleeding, because they have actually chopped, sliced and almost eliminated DOMA; no funds. So, the question really is: What caused this significant increase all of a sudden? We want to get some clarification on this matter.

Mr. President, now that the funds for DOMA have been almost depleted, are we going to have a resurrected, shiny new city with vagrants down at Chacachacare? Political jokers, gone to Chacachacare or Nelson island—where they should have been kept permanently, I find—and forgot the keys. Imagine that. They even tried the Minister's keys for his home, as if he has dealings with Nelson in the night or something. I do not know; nocturnal “sleeps”. I do not know.

This \$218 million to which the hon. Minister of Finance referred is of concern to us on this side. As you are well aware, Mr. President, the Government has embarked on a multi-billion dollar loan arrangement with the Inter-American Development Bank for the purpose of rationalizing, in the first instance, Trintoc and ultimately the energy sector in Trinidad and Tobago. This development holds very serious implications for our country, and the Government is proceeding with this particular matter without any meaningful consultation with the population.

The Minister of Finance would need to clarify for us, specifically, what this \$218 million has been used for so far. It has been disbursed, but for what purposes? We need to have some clarification. We have some difficulty with this IADB loan, in terms of the purpose it will serve and we believe that the hon. Minister of Finance will have a debate on that subsequently—although we would

not have three hours; we would only have one hour. This IADB loan is a very crucial development and it holds ominous consequences for the petroleum sector, particularly Trintoc, in this instance.

We learnt from the hon. Minister of Energy and Energy-based Industries that the real purpose of expanding the throughput from 90 to 160 thousand barrels per day would come from some joint venture partner who will bring crude into Trinidad and Tobago. That is a hope. Therefore, this \$218 million that was released, is part and parcel of that plan of the Government. It started under the NAR, and with some slight alterations it continues under the PNM. What is likely to happen to Trinidad and Tobago is that we can find ourselves being transformed from an oil exporting country to an oil importing country if the Government cannot get guarantees.

2.20 p.m.

I do not know which partner, from what part of the world would come to Trinidad and Tobago to simply engage in processing of crude at our refinery. This area is of concern to us and we would like the Minister to tell us when he is winding up what specifically this sum was in fact released for. We would like to get some clarification from him on this very important matter.

The Office of the Prime Minister: \$1 million. The Minister skirted that issue. He told us nothing. The Prime Minister is over-entertaining himself with a deep fat fryer capable of producing 60 pounds of french fries.

Mr. President: Are they related?

Sen. W. Mark: They are related Sir; entertainment.

Mr. President: I am asking if the items are in the bill.

Sen. W. Mark: No Sir. With all due respect, Mr. President, this is related to the bill.

Mr. President: I do not agree with you. Supplementary Appropriation has to be restricted to the items contained in the Supplementary Appropriation Bill.

Sen. W. Mark: Mr. President, we are always guided by your wisdom. We are serious about this matter in terms of this million dollars which was taken out of areas in which vacant posts were supposed to be filled. We are not filling vacant posts but we are entertaining officially—the Prime Minister.

This must also be compared to the initial allocations of \$300,000. We would like to get from the hon. Minister of Finance, what was this million dollars spent on? Was it whisky? I know he is a Christian. It is public moneys and if you are coming to this Parliament to seek our approval and support for a bill we need to get clear information, facts and details on this matter. What was this million dollars spent on? At the appropriate time I will deal with other matters as you have so gently guided me, Sir.

Mr. President, there are some areas we have said that we want to have clarification on and I hope the hon. Minister would deal with them.

With respect to the Ministry of National Security, we have another significant expenditure on Consulting and other Contracted Services of some \$6 million. This is almost three times the initial allocation. What were these additional funds used for? Were they used to house the Scotland Yard police? We need to know. Let us get some clarification because you are seeking our support. We on this side have some problems and difficulties. We understand some of the areas outlined by the hon. Minister of Finance, but we think that he has to provide us with greater clarification and more information that we can, in effect, make a very intelligent decision when the time comes for supporting or not supporting this particular bill.

The Government has to be a little sharper, more precise and accurate and we feel that it is necessary to keep the Government on its feet and on its toes. We need to establish this committee that we have called for and we will sing that song until the PNM gets fed-up, until we run them out of town completely. We need to establish in this Parliament a joint parliamentary committee to monitor the financial activities of the Government, whether it be UNC, PNM or what have you. The reality is that we need proper accountability in our country. I feel very sad that every time we come to this Parliament and we have to debate a Supplementary Appropriation Bill, we have to get up and recite our concerns, the same concerns, and the Government keeps hearing but does not listen. One would have felt that with a young Prime Minister in power—46 years of age—at least he would have been able to get an appreciation of the country's and nation's heart beat and, therefore, he would have been able to be more receptive, but he seems to be surrounded by geriatrics.

This is a very serious matter and we really would like to urge the Minister of Finance to do everything in his power to ensure that this Parliament is given the kind of recognition and status and that parliamentarians do not get paid for doing

nothing. We want to work and we say establish relevant committees in this Parliament so that we can perform. This is an ideal opportunity for the Government, if it is serious, to establish such a committee. It has time for all other things, but when it comes to the nation's business the Government is not concerned. We can only hope that the time would come, and it would not escape them when the Government of Trinidad and Tobago would recognize and appreciate some of the concerns that we have raised as far as this Supplementary Appropriation Bill is concerned.

Apart from the clarification that we have requested from the Government, we want and would hope that the Government, the hon. Minister of Finance, would pay attention to the issue of public accountability and improving the system that governs public finances in Trinidad and Tobago. The system needs urgent revision. We hope that the hon. Minister of Finance would really address this issue in his winding up, because we feel it is important, urgent and long overdue.

2.30 p.m.

Therefore, with these few remarks on this particular matter, I hope that the Minister of Finance would provide us with the necessary clarifications which we have raised in the areas that I have mentioned.

Sen. Michael Mansoor: Mr. President, supplementary appropriation bills are part of the annual diet that Senators have to deal with. The arguments which are brought to bear in this debate have a similarity over the years that I suppose one would expect.

However, on this occasion, in addition to the transfers which we are asked to give assent to from one Head to the other, we are being asked to appropriate new funds which have been spent during 1992. This Supplementary Appropriation Bill is one with a slight difference. Not only are we transferring moneys from one Head to the other, but we are, in addition, appropriating new funds.

In debates of this nature, I have always sought to look at the numbers and put a sort of cap on them, in the sense that I have always calculated the total amount of the appropriation, as opposed to the total amount of the Government's budget. I believe the Minister of Finance said that the total appropriation budget for 1992 was in the order of \$8.2 billion, so that an amount of \$233 million is less than three per cent of the annual budget.

If one thinks back to the circumstances in which the 1992 budget was prepared, one could perhaps conclude that a variation of three or four per cent is not outside the bounds of reason. One has to remember that the detailed expenditure estimates would have been prepared at a time when a different administration was in the saddle, and there was a lot of hurry in the 1992 budget. I am not particularly concerned or worried about the transfers from one Head to the other. They are always a source of concern because it does indicate that better budgeting and planning could have been done. In the overall context of a 1992 budget of \$8.2 billion which I believe was prepared in the space of less than one month, I think that those transfers are reasonable.

What I would like to say that perhaps is not reasonable, is the question of the new appropriations. Let me make it very clear, I am not particularly concerned about the extra expenditure for the Elections and Boundaries Commission, nor indeed for the Ministry of Local Government. I think that the Minister has provided us with ample explanations of those new expenditures. We had more elections than we anticipated. There were brought forward bills from the previous year. All of that is the path for the course for anyone who is charged with the management for the finances of government.

What is also of concern is the \$210.7 million which is being appropriated for the refinery upgrade at Trintoc. This item of expenditure has been talked about for several years. I think it is fair to say that the new Government met it as an ongoing project. What is of concern—and it is a concern which I raised on the last occasion that we talked about this—is the fact that in the new dispensation of things, we have what is now called the Public Sector Investment Programme. If my memory serves me correctly, approximately \$1.4 billion is allocated for this programme, of which I believe \$210 million forms a part. I have always been extremely curious to ascertain when something comes under the Public Sector Investment Programme with borrowings funded outside of the ambit of government's finances and when it should properly appear as part of the government's budget.

In addition to this \$210.8 million, there is a Public Sector Investment Programme which requires the Government to borrow considerable sums of money, which if my memory serves me correctly is just under \$1 billion. The Minister of Planning laid that report here. At this time, we are now told that this amount for the refinery upgrade is part of government's finances and not part of the Public Sector Investment Programme.

I have always regarded the Public Sector Investment Programme with a lot of fear and a certain amount of apprehension because, as I said before, I could never understand why it did not form an integral part of the capital development programme which the Government brings in its annual budget, given the fact that even if the government is not the prime borrower, the government in almost all cases would have guaranteed the borrowings that were required to make those investments.

I would like to ask the Minister for clarification on this matter of what goes into the Public Sector Investment Programme, and what goes into the Government's Capital Development Programme. An amount of \$233.4 million is significant when one looks at the current and overall surplus that arises in the government's budget. I think that clarification on this point is necessary, because it has always been a sore point.

In times gone by we used to have long-term development funds which were created out of appropriations of government's revenue. Then, there was very little parliamentary control over how those funds were spent and in many cases, the expenditure resulted in investments which have caused this country some grief in later years.

The most important issue as I see it, in this particular bill, is the rules which would apply in making these capital expenditures part of the government's budget, and capital development programme, and the rules which would make it part of the Public Sector Investment Programme which sort of means that it is not part of the official budget, but government is either a borrower or certainly a guarantor of many of the loans that go into those amounts. I think that one can say that the allocation for the refinery, apart from the other items, while they may give a lot of cause for a certain amount of political exchange, I think in the aggregate, it is not a cause of major concern.

I would just like to respond in some measure to the remark that Sen. Wade Mark made about my comments about the system. He did say that I said that the system is corrupt. I am almost certain that he has not misquoted me, but I think he should also tell the Senate that it is out of a sense of frustration with the rather unsatisfactory system of government's finances, that I would have made that comment.

The fact of the matter, as I have said on several occasions, is that the system does not promote accountability, not because of minor changes in the budget as

Supplementary Appropriation Bill
[SEN. MANSOOR]

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we have seen today, but because of the major issues such as the *locus standi* of the Public Sector Investment Programme as opposed to the Capital Development Programme. I do not wish to make this a debate on constitutional or parliamentary reform on government's finances, because what has been said, has been said *ad nauseam*.

The fact of the matter is that the system can be improved substantially by allowing parliamentarians some sort of line by line approval of the Government's budget.

2.40 p.m.

I always like to couch that comment with the requirement that good government has a prerogative to manage the finances of the country. One cannot seek to stymie the operations of government finances with Parliament. Parliament has to control and monitor, but the Government must have the prerogative to manage. It is in that context that constitutional reform is required such that the executive is free to manage the finances of the country and to make the business decisions that have to be made, but there is an adequate system of parliamentary review that brings to account the decisions that would have been made and the actions that would have been taken. If I may just put a bit of focus on that, several of the major decisions to go into or to dispose of businesses are really not subject to any review outside of the executive and this will continue to be a source of concern.

I would like to conclude my short presentation by asking for clarification on the question of the Public Sector Investment Programme as opposed to the Capital Development Programme. I would also like to ask the Minister to comment as to whether or not his Government sees the need for financial reform. It is always very difficult for a sitting Government, with the day-to-day problems of managing the economy, to think about long-term issues such as the control of public finances, but good government requires that the system of control that was developed in times gone by be amended and improved to deal with day-to-day realities in the 1990s.

I thank you.

Sen. Muntaz Hosein: Mr. President, we are at it again. You will recall that when we had the first Appropriation Bill, Members on this side of the Senate, and Members of the opposite side joined with us, in criticizing some of the workings of the past regime, and I would have thought that we would not have been subjected to the kind of things that this Appropriation Bill has put before us.

I, too, will not argue with a 3—4 per cent variation. I, too, feel that is reasonable but if you look at the background, I will not be as charitable as Sen. Mansoor. He is in a slightly different position than I am. He can afford to be charitable. I must call a spade a spade. You will recall that these gentlemen sitting opposite had all the answers prior to the last general election and, therefore, there is no excuse to come to the Senate and say that they did not have enough time.

As I recall, Dr. Bobb, an expert in finance and the former governor of the Central Bank, was consulted in the preparation of this budget. I asked for the cost on the last occasion but the Minister did not provide us with the cost to the country. I am told that it was free. I am glad to hear that it was free, but good things are not cheap and cheap things are not good. When you get something free look at it again. I wondered to what extent the work done, being free, might have resulted in what we have now. As we look at this Supplementary Appropriation Bill, one thing which comes to mind is that parliamentary control and parliamentary monitoring of Government's finances is being eroded.

I remember that one of the strongest things that the PNM had in the early days, in 1956—one of the planks on which their platform was built—was accountability and morality in public affairs and, therefore, I cannot accept that when people get in government they do not have time to look at these things. I believe when you get into power by whatever part of your manifesto, it is a sacred trust with the people of your country and, therefore, it is your duty to ensure that whatever you do reflects that trust.

Looking at this, it does not appear to me that, since 1956, we have had control of the finances of this country being explained in this Senate in a manner in which everyone can understand. This is the size of this Supplementary Appropriation Bill and when you try to understand items being transferred from one Head to another, without any explanation, it is extremely difficult. It is also extremely difficult to come here and make some kind of sensible presentation to this Senate. The role of the Government is clearly to manage, our role is to monitor and keep in check the nation's finances and I believe that the Government has a duty to give to this side of the Senate all of the explanations required to make sense out of the document that has been put before us. Having come here and at the last moment, in the presentation of the Minister of Finance, seeking to hustle through some lazy explanations, you have to be able to write shorthand to keep up with the Minister when he is explaining these things. It is totally wrong and unfair to this side of the Senate and to the people of the country.

2.50 p.m.

Mr. President, I cannot and will not accept that. The people of this country must insist that their Government behave in a proper manner so we can have informed debate on the issue. It may very well be that everything here is above board. It may very well be that all that is put here is necessary and could not be helped, but we will examine in a little while and see whether that is so.

Mr. President, this Government is famous for red herrings. As we go along, you will see how they are very good at that. When I examined this document, without having the benefit of explanations, I found that there were eight cases of allocations now but none before; 11 cases of increases of over 50 per cent; 16 cases of increases of over 100 per cent; eight cases over 20 per cent and in several areas of important allocation not being used, some of them little use was made of the allocation in the first place.

Now, in anybody's book—this is bad budgeting. Whether we jump high or low, this is bad budgeting. As we go through here some of the explanations the Minister gave I could not follow. I would like to draw his attention to Head 1, the President: Electricity; the original allocation was \$47,500—an increase of \$45,000. We are talking about electricity here and I wonder whether the Minister could say whether it was electricity that was owed from some time before, whether the increase in electricity had gone up that much or did we put in more lights and everything else that we are using more electricity there now? Perhaps the Minister might explain that.

Expenses of the President's establishment: I see \$234,288 and I think the Minister needs to explain that a little more. I know he gave some explanation on that. I think we need to get more explanation because we see changes of over 20 per cent from the original.

We go to Head No. 2, the Auditor General. We see under subhead (3), Minor Equipment Purchases. Perhaps the Minister could inform us what was bought; \$65,000 was not allocated. There was no allocation for that, but we have spent \$65,000 in minor equipment. I do not know how minor it is; \$65,000 sounds like a lot, but perhaps he could just tell us what was bought. Did we buy typewriters or fax machines or what? Tell us.

Under Head 5, Parliament, I see, under Salaries and COLA, there was a decrease of \$776,278 and I ask, Why? What is it, we did not pay some salaries? Did we fire a few people? I would like to know what has happened here. This is a

big sum of money. This is \$750,000 and we must know why. It was transferred to expenses under Parliament. So we have located \$586,178, but we increased it by \$776,278 by way of transfer on cost of living allowances and salaries. An explanation here is in order. Tell us why those salaries were not paid. Why were those cost of living allowances not paid and why have we allowed our expenses to go so much higher than what was allocated?

Head 8, Election and Boundaries Commission. Now item 01, subitem (18), expenses. Here we see a tripling of the expenses. Original allocation of \$2,544,057, to \$6,611,490. The explanation given by the Minister was that \$2.5 million was bills unpaid from 1991, moneys owing. Now, I cannot understand why \$2.5 million could not have found its way into the 1992 budget. How can such a large sum of money—bills owing—not find itself into the 1992 budget? Perhaps the Minister could explain that.

He said they had two additional elections. I question that. Did we not know that in advance? Did we not know that we were going to have the municipal elections in 1992? I remember the PNM saying very early on that they were committed to having elections when they are due. The same applies to the Tobago House of Assembly. So to come now, saying they had not budgeted for it and to say, “we had two additional elections,” is not acceptable; it is bad budgeting. I think the Minister should come out and say it plainly, “we made a mistake here, we forgot to include this”. This is very bad budgeting and totally unacceptable. Perhaps in the Minister’s winding up he could tell us something that he did not tell us and we may find it acceptable.

If you look at Head 13, Mr. President, Office of the Prime Minister, here we see, again—I know my colleague, Sen. Wade Mark dealt with that million dollars worth of entertainment—but just in case the Minister did not get it clearly, we want to know who was entertained and why. Why, after allocating a mere 300,000, was it necessary to have an increase of \$1 million? This is a mammoth sum to deal with entertainment.

Mr. President, I have a problem with our country being in the problems we are in. We all accept that. The Ministers go to pains to tell us how bad things are. We accept things are bad, but if things are bad why must the Prime Minister of our country spend \$1.3 million on entertainment in one year. I believe, Mr. President, if we have mauby pocket, we must have mauby taste. We must not have champagne taste with mauby pocket. This Government must learn to live within its means. When we cannot afford, we cannot afford.

How do you think the trade unions will react when you are telling them that they must hold on salaries, they must behave in a particular way because the days of plenty are gone and the days of little bit are here. The exemplary behaviour in our society must start at the top and there is no better office to start than the Prime Minister of our country. He is *de facto* the leader of Trinidad and Tobago. Therefore, he must be able to practise what he preaches. Perhaps the Minister could justify the million dollars when he comes back. I am sure that he can do that. I am waiting for him to justify that.

Mr. President, if you look carefully, you will see that this money was taken from salaries and cost of living. Again, we have to find out what happened here. What did we do? Did we fire some people? Why did we not spend that money? Vacant posts: Is it that those posts are not going to become operative? Are they going to remain vacant? The Minister must tell us that—*[Interruption]*—my colleague wants to know if they are going to make them redundant; I think she meant some of the Ministers.

Let us go to Head 15, Tobago House of Assembly, Item 4, group C, Sports. Mr. President, we have a \$300,000 allocation for sports but we went over budget by \$1.487 million and we are told that money was spent for a recreation ground in Lowlands. Now, I have no problem at all with recreation grounds but my question is: What has happened to the rest of Trinidad and Tobago? What attention did we pay to the sporting facilities in the rest of Trinidad and Tobago? Is it that we are going to look only in one area? Maybe the Minister could tell us that he has spent much more money in other areas and I would be very glad to hear that. But he must explain that. We have to be able to explain to the people of Trinidad and Tobago—and sports is a very important aspect, given the drug problem we have and the lack of jobs in the country, sports play a very important part. Therefore, the people in this country would want to know what kind of emphasis was given to the other sporting areas in Trinidad and Tobago and perhaps the Minister or the Minister of Sport might be able to answer if she is here.

Mr. President, look at Head 18, Ministry of Finance. I see here, under Item 1(57), we have no allocation for TSTT, but I see we paid \$5 million in arrears. I ask, Mr. President: Was this not predictable? If you are owing, I mean, how much did we owe TSTT? Is it \$15 million and we have given them only \$5 million? Or was this the total amount? Could we not have budgeted for paying TSTT moneys

that we owed them? Obviously, the Minister of Finance would have known that he owed TSTT. Why is it that we did not budget for it?

Under Head 18, again, Ministry of Finance, Item 2, subitem (24), Refund and Rebate. We allocated \$1.1 million for refunds and rebates and I see here we gave out \$3.4 million in refunds and rebates. That is three times the original allocation. How can the Minister not say one word about this? He just passes by as though nothing has happened. This is a very important matter that we need to have explained. He may have an extremely good reason, but let us not speculate. The Minister ought to have told us why it was necessary to triple the allocation for refunds and rebates. I would wait to hear from him on that.

Head 18, again, Ministry of Finance, Item 4, subhead (8), Rent Accommodation, \$56,700. What happened here? Was this not predictable? Are we expending the Ministry of Finance? Is the space that we have not sufficient? Could we not have used Whitehall, perhaps? It is there, I do not think they are doing anything to it. It is a sight to pass here and see that nothing is happening. Perhaps the Minister could tell us why we had to pay extra rent. Did our rent from the landlord go up as a result of extra petroleum? Or is it because of WASA's new rates, the water and sewage rates? Is that the reason we had to pay more rent? Tell us, we need to know.

My colleague, Sen. Wade Mark, dealt adequately with consulting with other contracting services. Almost \$1 million and I am sure that we can get an answer from the Minister on that.

Let me go, again, under Head 18, Ministry of Finance, Contribution to Caribbean Development Bank. We allocated \$4.2 million; we increased the allocation by \$557,631. Was this not predictable? Why was it not included in the budget? I would have thought that an item like this would have been predictable and the Minister might have put it in his original allocation. If the fees went up or there was some other reason, I think we need to know on this side so that we would know why we are spending more money. I would ask the Minister to give an explanation on that.

We come, again, Head 18, Ministry of Finance, Item 9, subitem (5), DOMA. I cannot understand why the sum of \$12.652 million was taken out of the funds of DOMA and placed elsewhere. I think we need to have that explained. About two months ago this Government made a big splash about fixing up the city. So if they have abandoned that plan, then they must tell us. They must let us know that the

plan was not workable and they have abandoned it. Or if they are only temporarily going to move it out and then bring it back in the next budget, we need to know because this is a large sum of money and this has not been explained. I will not go into the petroleum end of it, because I think that was adequately dealt with by Sen. Mark and also by Sen. Mansoor.

Let us look at Head 22, Ministry of National Security. Again, we have a recurring decimal here, an item that keeps coming up: salary and cost of living allowances. Here we have another one, \$11.5 million. My question is: Why was it not used? What happened? Again, are we firing people, are we dismissing them? I see the Minister shaking his head. It seems that he has dismissed quite a few people but tell us, how many has he dismissed and the reason they have been dismissed. Is it rightsizing, downsizing or are you capsizing? We need to know this. They are rightsizing and they are downsizing but the man in the street says they are capsizing.

So when you look at \$11.5 million that was transferred from salary and cost of living, an explanation is necessary. If they have dismissed people, how many and why? We want to know.

Mr. President, if you go to subitem (16), again, we have this Consulting and other Contracted Services, \$4.2 million, which is double the allocation. The allocation was \$2.169 million and we double it now by \$4.214. What is that? Is this the salary of your special adviser? Yes, the Minister says, that is the salary of a special adviser. That is a heck of a salary. I hope *Hansard* will take note that the Minister has nodded his head and he has said that is the salary of his adviser.

Mr. President: There is no way that can be recorded in *Hansard*.

Sen. Hosein: It is very important, because this Minister has a habit of telling the press that they misquote him. He is always misquoted. I hope he goes not say *Hansard* misquoted him now, because I have drawn the attention to him.

So we want to know who, what, why; was it local or way it foreign? Why the size of the increase? If you say that your special adviser is getting \$2 million a year, then I think that is too much.

Let us go to Ministry of National Security again, subhead (2), subitem (12), materials and supplies. Here we see an allocation of \$460,000 and an additional allocation of \$125,335. What happened here? Why do we have to use more material and supplies? Tell us; \$125,000 is a lot of money and we need to know

why the Ministry of National Security is using that much more than was allocated to them. As I said, there may be a good explanation, but we want to get the explanation. It is very important.

We come to subitem (3) of the same heading, Uniforms, and I am a little concerned about this, Mr. President; \$2.5 million was allocated, but we have increased it by \$386,745. Why? I was under the impression, Mr. President, that these things went by contractors. Now, if we have changed the system, I would like to know. If we are not doing it by contract any more, let us know and if there is an increase in the contractual arrangement, we want to know why. Why is there an increase? I mean, things are bad in the country; competition is fierce.

One would have expected, Mr. President, that prices would drop, rather than rise. So maybe the Minister of Finance or the Minister of National Security can tell us why we are paying more for uniforms or is it that we are making more uniforms? I do not know. You see, we need to have these things explained. Could the Minister also give the name of the contractor or contractors so we will know who this increase is being given to? It is very important for us to know who is getting this increase. I hope it is not Sen. Rahael—I hope I have pronounced his name correctly; I know you always correct me. We want to know who has been given this increase and why the increase.

Mr. President, again, Head 22, subhead (2), subitem (13), Upkeep of Vehicles. We allocated \$1.97 million for upkeep of vehicles. We allocated \$1.97 million for the upkeep of the vehicles and we have increased it by \$2 million. We have more than doubled the allocation. I think Parliament must know why we have done that. Why is it that these vehicles are costing so much more to upkeep? Is it that these vehicles have become so old and they need to be changed now? I know that the upkeep of vehicles is not something that you can accurately predict. I give that to the Minister of Finance, but when it doubles, some questions need to be answered here, because if the vehicles that we have here are too old and dilapidated, then we should start thinking of changing them and maybe the Minister could tell us that is what he has in mind and perhaps the budget for 1993 will reflect this. But we have to know these things to be able to appreciate why public money is being spent in this fashion. Or is it a straight case of mismanagement? Is it that preventative maintenance is not being done on these vehicles?

These are the questions that we on this side want to know. So, perhaps, they will come back and tell us that preventative maintenance is being adhered to and is being done, but the vehicles are so old now that they have to change them; I do

not know. But you will appreciate, Mr. President, without telling us exactly why these items have been increased so dramatically, we have to form our own conclusions and they may be right, they may be wrong, but whatever it is we need to have it explained.

Mr. President, if, when they were laying the schedule in the Senate—you see that column marked “remarks”, the Minister ought to have known that column was for remarks, to put in all of these things so that we could understand what is going on. But since he did not put it in—and I know he knows what it is for—so I would have to conclude that he purposely did not put it in because some of them might be very embarrassing for him to explain.

Mr. President, under the Ministry of National Security, again, subitem (1) Travelling. We allocated \$753,621 and we have increased it by \$320,000. Why? Is this local or foreign travel? Who is travelling; is the Minister of Finance travelling all over the world or his deputy, or is it somebody else within the Ministry? I do not know. We need to know that because we are in hard times and when we look at allocations not being adhered to and moneys being spent willy-nilly, people have to ask these questions and the Minister must explain. I hope he is taking notes, Mr. President.

Head 22, again, the Ministry of National Security, subhead (2), subitem (40), Food at Institutions. We allocated \$2,342 million, Mr. President; we went over by \$1.484 million. What has caused this dramatic increase in food? Is it the price of food, or is it that we are paying more to feed the people? Are they eating more? I do not know. Are the people in the Ministry eating more? Are the people in the regiment eating much more now and is it therefore costing us much more to feed them? We need to know that. Or is it that the price of food has risen?

Mr. President, I remember in the budget debate, I warned the Minister, and I told him that the measures he was taking, especially those of the increased cost of petroleum would result in the cost of food going up and I wonder if this is not what is happening here. But maybe I am wrong. Maybe the Minister will correct me. I wish to be corrected on that, but we need to know.

3.20 p.m.

Mr. President, we go down the line. Travelling and Food keep recurring. So we are going all over the place and we are eating like hell. This seems to be what is happening. Travelling—allocated, \$400,000; increase, \$286,000. Again, more travelling. Upkeep of Vehicles, again it occurs under this Head now. We allocated

\$2.269 million; we increase it by half a million dollars. So the Upkeep of Vehicles is recurring. So something is happening that we need to know about. I would ask the Minister of Finance, in his reply, to tell us what is happening, because there is a pattern here.

Again, under the Ministry of National Security under Subhead 2, subitem 40: Food at Institutions—\$1,000,000 was allocated; \$707,000 is the increase. These are alarming increases, Mr. President. I do not believe that the personnel increased by double. Why should the food bill increase nearly double? There is much to be explained here. Again, Travelling; Upkeep of Vehicles. These are three items that keep cropping up time after time.

We go to Head 24, Ministry of Legal Affairs. Subhead 3, subitem 1, Vehicles again. No allocation! We spent \$67,444. Why? What did we buy? You say we bought a vehicle. What is the reason? We need to get a reason. Did one of the old vehicles pass out, or just could not do the work? We need to know that. Tell us!

Head 30, Ministry of Labour and Co-operatives. Under this Head, subhead 1, Personnel Expenditure, Subhead 2, Goods and Services, subitem 18, Expenses. We allocated \$75,000, and we increased it by \$412,000—more than five times. There is no explanation. The Minister believes that is not important, so he does not explain about this. He comes to this Senate and treats us with contempt. No explanation whatsoever!

Mr. President, that kind of behaviour is only suitable to people spending their own money. If you spend your money, you do not have to give account to anybody. If I spend my money I do not give account to anybody. But when the Minister spends money belonging to the state, to the people of Trinidad and Tobago, he must come to the Parliament and explain. How could you budget for \$75,000 and spend \$412,000 and say nothing, as if nothing has happened?

Now, we are not being unreasonable, Mr. President. What we are saying is, tell the country why. Tell us why the expenses went that high. We want to know and have a right to know. It is the people's money and they must know. So you have a moral duty to come to this Senate and no amount of "steupsing" could get you out of the hot seat—none.

Mr. President, it recurs. Head 41, Ministry of Community Development, Culture and Women's Affairs. Subhead 2, Item 3, National Archives; subitem 2. The original estimate was \$38,918, but we overspent by \$106,000. Why? Was this not predictable? Could we not have budgeted for it? These are the questions that

we want to know. You observe that I am skipping the small 10 per cent and 15 per cent. I am only going to the major ones that the people need to know about.
[Interruption]

I will tell you about the decrease, Mr. President. The Minister is concerned about the decrease, and I am coming to that. Do not think the bat is only for the increase; for the decrease too. Under Head 41—and as though she read my mind because that is exactly where I have arrived—Ministry of Community Development, Culture and Women's Affairs, a famous ministry. I think some Ministers here might have the portfolio of that Ministry. Since the Minister wants to know about the decrease, there is a shameful decrease here under Subhead 4, sub-item 2, People-Oriented Programme. Does it sound familiar, Mr. President? There is a decrease of \$3.6 million. This Government has decreased the sum allocated to People-Oriented Programmes. The entire programme was \$5 million and they only spent \$1.394 million. What could be more important than People-Oriented Programmes? Perhaps this Minister could answer. She must be able to tell us what in Trinidad and Tobago, today, is more important than the People-Oriented Programmes that you took \$3.6 million out of that programme. Why did you take that money out of those programmes? Is it that people do not need those programmes anymore? Is it that you do not have poor people anymore? Those fire victims in John John, do they all have houses, food and so on now? That is all right now? All the people in Penal and these other places who are suffering and starving, do you not have any programmes for them anymore? You do not need these programmes anymore? Is that the reason why you have decreased it? Tell the Senate.

Mr. President, the scandal goes on. Head 41 again. Ministry of Community Development, Culture and Women's Affairs. National Carnival Commission, \$5.131 million was allocated. Suddenly it has gone up. Not by a little bit—\$4.753 million. Now you are going to say that is Carifesta. If it is Carifesta, why did it not get into the budget in the first place? Carifesta is not something that came like a thief in the night. It is something that was being planned for years. Therefore, as a responsible Government, we ought to know that we were going to get involved in Carifesta.

Mr. President: The speaking time of the Senator has expired.

Motion made, That the hon. Senator's speaking time be extended by 30 minutes. *[Sen. W. Mark]*

Question put and agreed to.

Mr. President: I heard no ayes, but silence means consent.

Sen. Hosein: Well, Mr. President, I do not blame them. When blows are shared it is not easy to take them and say "aye". I agree. There are unanswered questions here and the Minister cannot duck the issue. I cannot be generous enough to allow these things to pass. If I did that I would not be doing my duty in this Senate and I take my duties very seriously. The Minister of Finance knows and understands that. When I come here I am about the people's business, so I cannot let them go willy-nilly about what they are doing.

Back again to Head 41, Ministry of Community Development, Culture and Women's Affairs. Subhead 13, Group A, Culture. Half a million dollars was allocated, and there is an increase of \$100,000. I would like either the Minister of Finance in his winding up, or the Minister of Culture, who is present today, to give us a breakdown on how they spent this \$600,000 on this question of Culture. How was that money spent, and why did we have to increase it by \$100,000?

3.30 p.m.

Mr. President, under Head 42, Ministry of Local Government, the Minister of Finance explained that \$15 million was disbursed to city corporations, county councils, and so forth. This has been a sore problem in this country for years, and I believe the Minister of Finance must be fully aware of this. The county councils in Trinidad and Tobago have a running battle with the Ministry of Finance for sufficient money not being allocated and the money getting to them too late, when they cannot spend it. It is important for this Minister of Finance, since he is new, to tell us whether he has changed that, or are we doing the same old thing that was being done in the years before?

There are two questions here that I want answered. Firstly, for the Minister of Finance to tell us his *modus operandi* and secondly, a breakdown on how that \$15 million was spent; to which county councils and how much. It is important that we know that.

Mr. President, Head 43, Ministry of Works and Transport, Subhead 02, Subitem 12, Materials and Supplies. In the estimates we provided for \$3 million, and I see we are spending another \$0.75 million. Whenever I talk about the Ministry of Works, the first thing I see is waste. That Ministry has a record of waste so, I am obviously, very sensitive to any increase in allocation to that Ministry. The reason being that I want to know that this money is not wasted. I want to know why it was necessary to increase the allocation by \$0.75 million.

I see under Head 44, Ministry of Public Utilities, that we are paying heavy overtime. We allocated \$209,000 for overtime, but we have overspent by \$250,000. Why is that so? I got the impression, earlier on, that they were trying to cut back on overtime, and work within their means. I got the impression that people were saying that ministries were over-staffed, and this matter of over-staffing, and so on, has been coming from Government Ministers as well. Why is it necessary to be paying so much overtime? Why did we not budget for it? We have increased it by more than 100 per cent and, in times like now when we have no money, it pains me to see that we are paying heavy overtime. Maybe the Minister can explain. Maybe there is a perfectly good reason, but he needs to explain.

Under Head 44, Ministry of Public Utilities again, Item 2, Subitem 01, Vehicles. This is a new subitem. If this is a new subitem, then tell us why? Why is it new and why is it that we have to spend \$100,000. What is the reason for it? Why is it necessary that we have to buy these vehicles? What vehicles did we buy? Are they vans, cars, trucks? We need to know.

Under Item 003, Group G, Sanitary Services, we allocated \$1 million, and now it has gone to \$4 million. I want to know why. Why was it necessary to go to \$4 million when we budgeted for only \$1 million. Which county councils did we spend that money on? Give us a list of where that \$4 million was spent.

Head 47, Ministry of Foreign Affairs. Expenses for the Ministry of Foreign Affairs under Item 001, General Administration, Subitem 18, we allocated \$750,000, and we have gone 100 per cent passed that, to \$798,231. That is the kind of expenses. Why did we have to go 100 per cent more? What are the reasons? We must know what the reasons are. Why are we spending so much money?

Mr. President, I would not go into the small figures, but here is another one that is very interesting. Head 48, Ministry of Trade, Industry and Tourism. Under Item 008, a new Subitem 02, Trinidad and Tobago Air Services—no allocations, it is a new Head. Why are we spending \$2 million there? Maybe the Minister can tell us what has happened here. What is the reason for that \$2 million expenditure?

Mr. President, under the same Head, Subhead 09, Group D, Tourism. Tourism is very important to Trinidad and Tobago, we allocated \$948,000 under that Head, but we only spent \$86,000; we transferred \$861,000. Something is wrong here.

We have our priorities mixed up. I recall that in the budget speech, tourism was talked about as being one of the planks. It might be that the Minister is a good spender and was able to squeeze everything out of that \$86,000. Maybe that is the reason and that is what he would tell us, but we need to know. Why did he not spend the money? Is it because tourism—*[Interruption]* You are cheap? The Minister says it is because he is cheap. Mr. President, you know I already said that cheap things are not good, and good things are not cheap.

Mr. President, we have not been promoting tourism in the manner in which it should be promoted, and I think the Ministry of Trade, Industry and Tourism is aware of the lack of promotion of tourism in Trinidad and Tobago. So, when money is allocated and just a little is spent, and the rest transferred, it causes me to think that, perhaps, the Government is shifting its priorities, or tourism is no longer that important to us. Maybe the Government can tell us that. If that is the case, let the country know so that we would be aware.

Mr. President, Group B, Bureau of Standards, \$436,100 was allocated. Do you know how much money was spent? None. This is an arm of the Government that has been begging for facilities and money for the longest while, since the present Minister of Finance was the Minister of Trade. He knows about that. I cannot understand why that money was not spent, since this Ministry is understaffed, *etc.* Any problem one can think about, the Bureau of Standards has it. I have been begging for them. They allocated the money, it is not spent and they do not come to the Senate and say why. Maybe it was not necessary; maybe they have people working for them free of charge. They should tell us so if that is the case. They should tell us that the staffing problem, has been solved by people coming from Canada and the United States of America and working free of charge. Tell us so, if that is the case.

The same problem exists with the Industrial Development Corporation, Group 9, the IDC was allocated \$2.5 million, they transferred \$133,000 from there; they did not spend it.

Mr. President, I believe that I have given you some idea of what this Government is about and the problem that is faced when one does bad budgeting. This is the problem with the Government. Firstly, they have budgeted badly and secondly, they have treated the Parliament with contempt by not coming with proper explanations for the people of the country to understand what is happening. I believe that I will beg again, through you, that we do not have a repeat of this

performance. It is not good for the country and proper monitoring of the moneys spent by the Government of Trinidad and Tobago. We, on this side, cannot support this kind of budgeting or monitoring of the finances of the country.

Thank you.

3.40 p.m.

Sen. John Rahael: Mr. President, I just want to respond to a question, if you would allow me, which the hon. Senator asked. I did not want to disturb him when he in fact, asked the question. The hon. Senator wanted to know if Sen. Rahael was the one who got the increase in the contract for uniforms to the Ministry of National Security.

I wish to advise the hon. Senator and other Senators that Sen. Rahael has not received any contract for uniforms from the Government of Trinidad and Tobago. Further, no company in which I am the director or a shareholder has received any contract from the Government of Trinidad and Tobago, to date.

Sen. Martin Daly: Mr. President, my contribution will be very brief. I want to appeal to the Minister of Finance for his sympathy. I want him to be sympathetic to the request that these debates on Supplementary Appropriations be less painful for us all. They are painful for two reasons. It is the second one that I am experiencing and it is the second time I feel that I am being asked to take a shot in the dark because I really have no means when I come to exercise my vote of knowing whether in relation to an item such as "refunds" and "rebates", I am voting for something that is proper—I put it as broadly as that.

It is also painful because it would be so easy to relieve the Parliament, particularly, as the Parliament will now cost the taxpayers more, of the tedium of these debates by doing two or three things. Sen. Muntaz Hosein was quite right that it would be very easy to deal with these variances—because that is what they are; in the business world we know these as variances—by expanding on the remarks column. I am begging the Minister of Finance in the interest of everyone—Senators, the public—let us not have to go through this kind of exercise again. This is a simple matter. Any state enterprise board which any of these hon. Ministers has to supervise would be able to confirm to the Minister that in the state enterprise sector, when you get any budgetary documents or any monthly statements on revenue and expenditure, the remarks column contains the explanation for the variances. That would save the country much valuable time, cost, and the man-hours of not only the parliamentarians, but their high-powered

advisors who are present while we go through a discussion about whether or not Carifesta has increased the budget in a certain ministry. That is the best example.

In relation to the item which Sen. Hosein pointed out, one word in the remarks column would suffice to explain it in relation to the Ministry of Culture—Carifesta. Everybody knows that it was touch and go whether we were going to host Carifesta and therefore pay for it, at all. A decision was made late to host Carifesta and it is a simple explanation of one word which would save us a great deal of tedium.

I am also suggesting that in order to save much of this tedium, precisely as the way in which the Budget Speech is circulated immediately after the Minister presents it so that anyone who wishes to speak on it can study it and respond in an efficient manner, that when we have these Supplementary Appropriation debates, that if the Minister's explanations cannot be circulated before, at least, they could be circulated contemporaneously when he is making the presentation so that everyone can see them and not try to rely on memory as to whether he gave an explanation on this—did he say this? What did he say? These are such simple things and we owe it to the country, especially as it is costing more to run this Parliament, to do these simple things.

It is unbelievable that we sit here in this day and age and have to go through an exercise of this tedium. I am begging for his sympathy on behalf of the taxpayers of this country and not least of all, on behalf of all of us who have to sit here. There is nothing sinister about variations in the running of a business or a country but, of course, I too, would like to be satisfied that in relation to some of these items when I come to exercise my vote—and I basically approach it very sympathetically towards the executive of the day—that I am not taking a shot in the dark. I think it is a very simple thing that can be corrected and save us all a lot of time, energy and tedium.

Mr. President, I would also like to support the call which has been made for some kind of Joint Select Committee. It is right that a parliamentarian, before he votes on a measure like this, should be concerned about some of these items, some of which have been referred to by Sen. Muntaz Hosein. It would be so much easier if this Supplementary Appropriation Bill could go to a committee prior to it coming here and there could be dialogue about it so that it comes here at least as a partially agreed document. I am quite sure that 75 or 85 per cent of the things

referred to by Sen. Muntaz Hosein, all of which are substantial items in money terms, could have been cleared up if this document had at least been partially agreed before it is brought to the Parliament. I wish to protest in the strongest terms against this exercise being conducted in this inefficient and tedious manner and I repeat for the sake of emphasis that we owe it to the country to do it better.

Mr. President, my only other concern, like that of Sen. Mansoor—and I do not have his expertise in this particular matter—is this question of the \$200 million odd for the IADB loan. I am concerned about it because there are certain negatives that are dominating our lives in Trinidad and Tobago today. I would not add to the tedium by reciting those that are not germane to this debate.

One of the negatives that is dominating our lives in Trinidad and Tobago today, is foreign debt. If I understand the philosophy behind the budget speech which the Minister delivered, it is that we must not borrow anymore if we could possibly help it and there are certain things that the Central Bank has to do like selling government paper, and so forth. Then, we have to look for other ways of raising foreign exchange because so much of the country's income is going to the service of the foreign debt. I hope I have not put it so simplistically that it is wrong. But I think that is the basic philosophy behind this budget as I read it.

When we come and hear that because of uncertainty in the advice which the Minister received we now have to make provision for \$200 million odd in relation to an IADB loan which is not mentioned at all in the narrative of the budget—I have not got Sen. Mansoor's particular skills so I do not know if I go back into the budget documents whether I would not find it there. I believe it is the claim but it is simply not provided for at all.

3.50 p.m.

I do not have Sen. Mansoor's particular skills, so I do not know if I go back into the budget documents if I will find it there, as I believe is the claim. I know that it is not provided for anywhere in the narrative of the budget. So naturally, as a taxpayer, and one of those whom the Minister says has to commit a larger share of income to service the external debt of the nation, I want his assurance that this is not some new indebtedness, and that this borrowing is already taken care of in the overall figures for the foreign debt which he described in the budget speech.

If I understand the budget speech correctly, in relation to our international commitments four things are mentioned:

- (1) Going to the international capital market;
- (2) Drawing down on a loan from the EXIM Bank;
- (3) Getting some kind of fast track loan from the IADB;
- (4) There is another loan mentioned in the budget debate;

Nowhere is this loan mentioned in terms. I believe—but I do not know, because I am shooting in the dark—that our liability for this particular indebtedness is already taken up in that part of the budget that deals with our overall foreign debt, but I would like that to be clarified. I hope that my assumption is correct.

It is very important that if the country pays any attention to this tedious exercise, that the country be assured that this is not some other loan that is now being sprung on us, about which we are hearing for the first time. I have difficulty in understanding and anyone reading section 112 of the Constitution would not understand that was revenue raised by the Government. That comes under section 112. Why the Minister got uncertain advice is a little worrying to me.

Naturally, I want to be sure that the lack of certainty of the advice is not covering some additional foreign debt that we are incurring that is now being sprung on us. I am fairly sure that is not the case, but I would like the Minister to make that abundantly clear, because it is important that the public understands these things when most of the public's expectations are being repeatedly defeated by our obligation to service foreign debt. I think that has to be made clear. I repeat that I am a little disappointed that there could be anything uncertain about that, but that is one of the things which alarms me.

My colleague, Sen. Mansoor has dealt in a more learned and technical way with the things that cause us apprehension, when we have these supplementary appropriation debates. Those are the things which concern me. I speak about them only because I am conscious because on every occasion something comes to this Parliament for monitoring, and I am being asked to support it or reject it, I must do so on some kind of rational grounds. Therefore, regarding the things which concern me, as I listened to the presentation I tried to jot the notes down, because nobody gives us anything that we can follow.

I would like to close by just pointing out that it is frequently said that one of the areas of great inefficiency and sloth is the legal system. But even in the legal system there are occasions on which what someone is presenting to a third party is given to the other side in advance of the presentation, so that there could be some kind of pre-arranged dialogue, instead of a long and tedious oral argument.

Supplementary Appropriation Bill
[SEN. DALY]

Tuesday, November 10, 1992

It is on that basis that I am asking for the Minister's sympathy, so that we can make some sense of these debates. I hope as well that he would offer some clarification in relation to this loan. I do not want to be misunderstood, but I think it is very important that where there is a variance of \$2 million relating to Trinidad and Tobago Air Services, that an explanation should be demanded of the Government.

What I am complaining about is that we are using a tedious and inefficient vehicle of doing so. I firmly believe that if the suggestions which I have made are put into place administratively, we can avoid the tedium of this. Because it is tedious, it does not mean in the absence of some improvement in the system, these questions should not be asked. I do not want to be understood to be saying that, but I am saying there is a way in which it can be dealt with and this document should come to Parliament at least partially agreed.

What I mean by partially agreed is that there has been some kind of discussion about it before it comes to Parliament for formal debate, so that only those things which remain of concern whether they are of overall, general or party-political concern; only those things which are of genuine concern under any of those heads come to be debated before Parliament.

Thank you.

Sen. Daniel Teelucksingh: Mr. President, the Supplementary Appropriation Bill, 1992 laid before this honourable Senate reflects too many increases, some of them being quite substantial, in various ministries and departments.

I need to be guided and I hope that the regulations are still operative where there is the advice in the Financial Regulations of 1965, Part IV, Clause 33 which states:

"That estimates of the expenditure shall be a realistic forecast of expenditure."

I wonder if our budgetary forecasters were only guessing, for there seems to have been—and this is from a layman's point of view, just looking at the document—numerous miscalculations. They should leave that for someone like me. I cannot imagine how the experts could deviate from this kind of advice that "estimates of expenditure shall provide a realistic forecast".

The whole group of them in the Ministry of Finance is responsible for doing this. This is the second experience I am having just as my colleagues. From looking at the document and the one from the previous government which was

handed down to us earlier this year, it seems as though the pattern is the same. There has not been a change at all.

I endorse the comments of the previous speaker about the format of this. I do not want to be unduly harsh, but this has been an uninspiring exercise for me today. Even in a cricket club, when moneys are raised and spent you will not have a document like this. There are explanations.

When I got this document, I sat as someone not knowing much about finance wondering why there could not be an accompanying document. Today, I heard that from the hon. Minister, in that he read out a little note explaining certain bits of information. Why did I not get that as an appendix to this document? I suggest in the preparation for the 1993 budget, that we should have that explanatory note. It will save a lot of time.

It bothers me. I do not have a staff to help me to understand this document. I got it a few hours ago and I am supposed to come here and vote on it. I do not want to debate on this. I leave that for the experts. I want to make sure that when I come to this honourable Senate and I have to vote for something, I want to know why I am voting for it. I wonder if the people who have been organizing this, passed through learning the elementary things about communication.

Back to my concern about this business of guessing, and why is it there seemed to have been so many errors in budgetary calculation. This is another observation. Am I to understand that government's funds are spent freely in this country and no one seems to care, therefore, it does not matter if we exceed the original budget? Somebody seems not to care whether or not the proposals have been exceeded. Nobody is being very particular about remaining within the framework of the budget. Are you aware of a very unhealthy attitude in Trinidad and Tobago which sees nothing wrong if government's funds or equipment are misused or abused?

4.00 p.m.

Why all of these increases? There certainly needs to be training programmes for people in the public service. Government employees ought to be more vigilant in planning, implementation, monitoring and control, to avoid wastage, loss or even misappropriation.

A cursory examination of the schedule shows increases for equipment purchases, replacement of furniture and furnishings. Look at the general heading,

Goods and Services, which absorb millions of dollars for the upkeep of vehicles, materials and supplies—office and stationery. As far as vehicles are concerned, I believe that the state is quite easily the worst fleet owner in Trinidad and Tobago. We have lost millions of dollars in Government vehicles that have been so quickly and so easily been relegated to the junk yard. I hope that the hon. Minister, in charge of public service reform, will consider the preparation of supervisors, managers and all officers to be better stewards of Government property, to avoid as much as within their powers, overruns in expenditure, and to care as their own, Government property, office and garage equipment.

Another point that I would like respectfully to bring to your attention, as other Senators have done, is under Head 13, Subitem 19—Office of the Prime Minister: Official entertainment—there was no explanation at all, so forgive me if I have to repeat this point of view. It is not my fault. Under that Head there was official entertainment, totalling \$1.3 million, a whopping increase of \$1 million. Now, the public has not heard about this as yet; they are busy with the whole question of capital punishment. Tomorrow the press is going to talk about this, unless there is a good explanation, and the public will be incensed. Such extravagance and irresponsible spending borders on corruption. I will be a hypocrite to allow this expenditure to pass unnoticed; to accept it as reasonable expenditure or in any way to be identified with it. I do not think that our best explanation will suffice when one considers the abject poverty of so many of our people.

Entertainment for whom? While driving today and thinking about this particular item, I thought that the only answer that might possibly come from the Hon. Minister might be—and I was just guessing—Hilton's bill for the Caricom meetings. I was put in the position to find a possible answer and it might just be that. Is this the bill from Hilton for the two Caricom meetings that we have had? We await an explanation, and even then I have a good feeling that no matter how much we rationalize that expenditure for entertainment, it will be pure madness to repeat this in 1993. In fact, somebody should advise the Hon. Prime Minister that this is an embarrassment and it is not good for his image nor that of the Government.

Under Head 26—Ministry of Education, there is a decrease of \$3.4 million under "Personnel". Of course, the Hon. Minister gave an explanation as to why there was this decrease—\$3.4 million was used to repair the schools—but throughout the year several of our schools have remained overstaffed. Remember

this money was taken under the heading, "Personnel", but there has been no end of demand and request, during the course of the year, both from primary and secondary schools, for more teachers. I could not understand, when I saw this item, how \$3.5 million could be taken away under Ministry of Education, and the heading "Personnel".

Mr. President, just to remind you that there is a pattern. In 1980 we had approximately 14,000 teachers in this country. By 1992, it dropped to 12,000. Today, when I look at that decrease under the heading, "Ministry of Education", I cannot understand the rationale when we know that in Trinidad and Tobago we need 1,300 teachers—500 teachers are required tomorrow for the secondary schools and 800 teachers are needed for primary schools—and still we can cut under the heading, "Personnel", in the Ministry of Education, \$3.4 million.

Mr. President, do you know that among principals and vice-principals, there are 100 vacancies in our school system? We have a serious problem. I could not understand the thinking behind the cut and decrease in that Ministry, when we think about the problems in education: in discipline, falling standards, the need for more personal attention and the serious problem of one teacher to 40 pupils, and, in some schools, one to 45, when we should have had one teacher to 25 pupils.

Permit me to move on. I know reference was made to the People-Oriented Programme. I, too, feel very sad because this is a job-creating programme. I was very interested in it. It taught skills and promoted environmental beautification. There have been certain areas like La Horquetta and Maloney which have benefited from its electrification programme. I wonder if this programme is to be phased out or if it is to continue limping around without much support.

Another very interesting area is, Head 44—Ministry of Public Utilities. It really bothered me when I noticed that there was a decrease of \$4 million in the allocation for transmission and distribution mains and rural water supplies. I underline the word "rural" because it is so very important for us to understand that we have a habit of neglecting rural communities in this country. They suffer the most, and Government had a chance to use that \$4 million allocated for that programme, to assist our less fortunate brothers and sisters who live in that part of Trinidad and Tobago. I think it was a mistake to have such a drastic reduction in that particular budgetary item.

4.10 p.m.

Mr. President, as I close, I remind you that the financial schedule before this honourable Senate is not a good sign of responsible and cautious financial

management. I will not blame the hon. Minister of Finance, but I think he may be well advised to investigate more closely the spending patterns of certain ministries. That is very important. The whole structure, all those public servants and executives who work in the various ministries and departments should be more responsible and I believe that the hon. Minister of Finance should not just be issuing cheques. I think he must find a way of getting through the entire complex structure in all of those various Government department. I think he would be strongly advised to investigate more closely and to get more involved in trying to interpret, understand and control the spending patterns in Government ministries and departments.

I thank you, Sir.

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. President, I merely wanted to intervene in this debate to deal with just two points.

Sen. Teelucksingh raised the question of the entertainment vote in the Prime Minister's office. He used some very strong language, almost suggesting that there was corruption involved. I want to indicate that the entertainment vote in the Office of the Prime Minister is the vote from which all entertainment of the Government is done. In other words, in individual ministries, like my own, if I wanted to entertain, that is the vote from which the money will come. It is not spent solely by the Prime Minister.

The second point I want to make, as the Senate is well aware, we hosted two Heads of Government Conferences in Trinidad and Tobago and the expenses related to hosting those conferences come from that same vote.

I wish to indicate that it is not the Prime Minister who spends that money on his entertainment; it is the Government's entertainment undertaken by whichever Ministry of the Government, and particularly this year, it has been large because there have been two Heads of Government Conferences in the country.

I wish to say, also, that I am in total agreement with the points raised by Sen. Daly. It is obvious that we can save much of the time that is spent on explanations if we look at the system by which it is presented.

I believe part of the problem, Mr. President, as you are well aware, is that in the other place it is done differently. The supplementary estimates go to Finance Committee, as I understand it, where there is a kind of question and answer taking place in an informal basis. It is only after that exercise does it come for debate in the other place. We obviously do not have that system here and because we do not

have that system we will have to give some thought as to how we can make information available in advance to Senators, which will enable them to do the kind of analysis they wish to do and also to avoid having a debate in which questions are being asked.

At one stage in the debate, as I was listening to the contribution of Sen. Hosein, I thought that he could have spoken for five minutes merely by saying, "I want the answer to "why" for everything on the list". That would have saved us much time, rather than repeating it item by item.

I want to give Sen. Daly the assurance that we will be looking at how we present information to the Senate because obviously the flexibility which exists in the other place does not exist here.

Sen. Hydar Ali: Mr. President, I would just like to mention one item and I suppose in the context of Sen. Muntaz Hosein's contribution, it is a small item—since he did not touch on it—and I am referring, really, to Head 13, Office of the Prime Minister, where there is a transfer of \$620,000 from the Development Fund to the Current Account of the University of the West Indies.

At this stage, Mr. President, I would just like to bring this to the attention of the Senate with the following comment: we need to look at this \$620,000 against the following background—one, that as of July 1991, there were acknowledged arrears of \$150 million owing to the university. I gather that at July 1992, that has been increased by about \$47 million, which makes total arrears \$197 million. The position is very serious. I understand speaking to the university, the bursary officials, that there are bags of cheques that cannot be signed because of this situation.

The other point, Mr. President, is that the amount \$620,000 transferred to this current account is so paltry, one wonders whether something special has been earmarked for this amount, if so, to use the term of Sen. Lenny Saith, why? Whatever it is, maybe the Minister can give some explanation to that because it really is an insignificant amount when compared to the amount of arrears owed to the university and also the amount of \$43 million or so that has been budgeted for this year.

This is my main purpose for speaking today. I hope that there is a response from the Minister. Also, the other reason I have risen is that I hope these things are borne in mind when budget time comes, perhaps soon.

Thank you very much.

Sen. Roi Kwabene: Mr. President, we are placed in a very unique situation here today and it does not reflect well on the Ministry of Planning or the Ministry of Finance. What we are seeing here today by this presentation is a lack of contingency planning and, as we have raised time and time again, the need for proper accountability as far as the public purse is concerned.

Mr. President, accountability is very important. I will give you an example. If we have a football club, accountability is necessary at that level so, when we are dealing with the business of the people of Trinidad and Tobago, we cannot equate a football club with the finances of Trinidad and Tobago and, as such, we should watch with equal importance what is happening here in the Senate.

Mr. President, as Senators, we are expected to vote on this Bill today. However, my observation is simply this: that we are being used in Parliament as a rubber stamp for funds that have already been shifted around and spent and changes that have already been effected, as far as the budget is concerned in our beloved land.

We hear of trade liberalization. Trade liberalization is commonplace today. It is accepted today by this regime. It is being projected to the masses as being the alternative to our problems. However, as I have indicated in previous contributions in this Senate, I have spoken about the whole issue of the Bureau of Standards and its role of watch-dogging of watch-manning the economy, the quality and the standards.

Mr. President, the Personnel Department in the Ministry of Finance, are vacant posts being made redundant? We see a decrease of over \$4 million. What is happening in that department? Are they sending people home? One wonders.

As everything else, budgeting is not an exact science and we do expect that some variations may be necessary. But the size of the variations raises many questions. It is questionable at this time whether or not the Government that is in power today would be able to put together effective budget for the next financial year without coming to the Senate later in the year and asking for a larger variation.

The solution to this problem is simple: appoint, under your direction, as well as in collaboration with the Speaker of the Lower House, a committee of both sides so that we, the people who are elected and appointed to run the affairs of this country, would be in a position to monitor any spending. Mr. President, this is important.

However, as we are well aware, on both sides of the Senate, they are not prepared to have anybody monitoring their activities. This is unfortunate. When one takes into consideration that they were elected to represent the interests of the people of Trinidad and Tobago and if we are here to represent the interests of the people of Trinidad and Tobago, of course, spending of the public funds comes under scrutiny, especially at this time.

Parliament being used as a rubber stamp is not very nice at all. I have made some observations here with regard to certain moneys that have been shifted from one area to another. For instance, the issue of the President, Head 1, general administration, electricity, upkeep for vehicles, official entertainment and expenses of the President's establishment. Could these things not be included in the budget that was presented to us earlier this year? I would have thought that electricity could have been estimated properly. When you look at the situation concerning official entertainment, they must know what they are doing at least a year in advance.

Mr. President, we hear of culture, a statement made about Carifesta and the whole point that the moneys were transferred to the National Carnival Commission for that purpose. I have a question concerning whether or not that festival was financially successful. This, again, brings the question whether or not the people who are put in positions of power are able or competent to carry on their activities.

Under the National Agricultural Marketing and Development Corporation, we see a sum of \$226,033, a decrease, being placed in subitem (2), Non Pareil Estates Limited. I do not understand what is happening here, because from the information I have at my disposal, I was made to understand that most of the workers have been fired or retrenched.

Just recently in this Senate, I raised the point concerning agricultural policy in this country. What is going on in Non Pareil Estates? What is this amount of money being used for? What is the situation confronting the workers who worked on those estates? We want to know. I sincerely hope that the hon. Minister, in his rebuttal, would make us aware of what is happening in that area.

Tourism: I remember quite well the hon. Minister making statements concerning the need for use to go that way. Many countries in the region are going in that way and of course we have the CTA making some contributions in the area for the region. I have also noticed that there has also been a huge decrease as far

as tourism is concerned. With such a huge decrease, one wonders what the policy of this Government is, if they say one thing and do another.

We see here, under the Ministry of Community Development, Culture and Women's Affairs, subitem (2), "People-oriented Programme". Mr. President, the original and supplemental estimate was supposed to be \$5 million. However, the revised provision indicates that only \$1,394,000 was allocated. I ask, where is the rationale in taking away \$3,606,000 from such a programme if you are indeed a caring Government? *[Interruption]* If it was a NAR programme, I am not here to defend the NAR, but at the same time, it is a people-oriented programme and this is what is important.

Mr. President, I am questioning why, every so often, during the past year, the National Carnival Commission, which comprises members who are known to us on both sides of the Senate, has been afforded such luxuries and purses to control Carifesta, to manage the Carnival? Why? I am questioning this, Mr. President, because at this stage we are also noticing in the Ministry of Culture, an increase of \$100,000. I wonder how many steelband groups, associations, pan theatres or individuals who are worthy of such provisions have actually received anything from the Ministry concerned.

Every day I get up in this Senate and speak of the human resources. It appears this Government is no longer human because it is not interested in harnessing the people of the nation, Mr. President. I have to repeat myself every time: the young people are languishing on the street corners, crime is rising. What is happening? If they are truly concerned with what is happening in this country, or if they are concerned about the future of this country, our beloved land, they would have ensured that there would be development programmes of whatever nature, once it is people-oriented, I am in support of that. Programmes that are people-oriented, programmes that would assist with the same problem that the Minister of Finance indicated earlier this year that they would see to—I am speaking about social dislocation that is going to occur even more as they carry out their programme of structural adjustment. Call it whatever name you want, liberalization, privatization, rightsizing or capsizing. At the end of the day, people are meeting on the streets and saying, "You are getting a hike in pay, you all are fixing up yourselves. I hope when we come for you all next time, you are ready, you know."

The people at the grass-roots level are very unhappy with the policies and dictates of this Government. They are very concerned and it is to your own welfare, that Sen. Kwabene is reminding you that the young and old people out

there, the citizens of this country, want to know what you have in store for them. They are concerned about what kind of budget you will be presenting after we have already fixed up ourselves—because that is what they indicated to me, that I had fixed up myself. They said, “All of you in the House are the same thing, regardless of what side you on”, because the people do not understand the functionings of Parliament, as I indicated last week. If there is no educational programme to educate the people about the functions of office, we will always have this mass of confusion.

I think it will be necessary for my political party to take to the streets again and educate the people as regards the role of Parliament. Because if the Government has a Ministry of Information and a Ministry of Education and they are not doing their work, we, the alternative government, will be forced to do their work for them. *[Interruption]*

I lived in Tobago for two years and it is a very pleasant memory I have. As you are well aware, Mr. President, Tobago has also been neglected over the years and under the United National Congress, we would ensure that Tobago would not be neglected.

Mr. President, concerning the Ministry of Foreign Affairs, while abroad in the United Kingdom, I had an opportunity to visit the Trinidad and Tobago High Commission, and you could not get an *Express* to read. Citizens living abroad could not get a newspaper to read. People in that department did not know what was happening in Trinidad. You know, they thought I was PNM; they thought I was a representative of the Government. I corrected them quickly.

Mr. President: You got VIP treatment. I would like to give you some VIP treatment. are you going to be much longer?

Sen. Kwabene: No, Sir.

Mr. President: Continue.

Sen. Kwabene: It is an honour to keep them out of the tea room a little bit, because when they are kept out of the tea room they have to face the barrage of questions of the day. I mean, tea is necessary, as in cricket.

In wrapping up, Mr. President, \$233,450,000 is a lot of money.

Mr. President: I did not want to cause you to shorten your contribution, please continue.

Sen. Kwabene: The message has been conveyed. Most importantly, it is up to the media to play their role, but the message has been conveyed. This variation, is a lot of money. I understand what the whole concept of the budgeting is about. I understand. But at the same time, the variations are quite large and it is unnecessary at this time. I think it is unfortunate that the Senate should be used as a rubber stamp at this stage. We would like to be a part of the decision-making process.

I am saying, Mr. President, we would like to have a committee of both Chambers so that we could monitor the spending. In that way the Minister of Finance will get assistance. It is necessary.

Thank you, Mr. President.

Mr. President: Before we break, I think, if I understood you well, when you were referring to the Joint Select Committee you wanted to function, you said something about "under the direction of the President to form a committee".

Sen. Kwabene: Yes, Sir.

Mr. President: The Chair in this House or any other House cannot direct any committee to be appointed.

Sen. Kwabene: Mr. President, who is responsible for that?

Mr. President: You can do it at any time by a motion under joint select committees. Any Member of the House can make the necessary arrangements to put the motion in train to start a joint select committee on any subject of your choice.

The sitting is suspended until 5.00 p.m.

4.33 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

Sen. Everard Dean: Mr. President, while I have a little problem with the bill, I fully understand and appreciate that by the very nature of government, the Minister of Finance has to come back here to seek approval for any supplementary appropriation, in order to carry out the business of government.

My greater concern, Mr. President, is the change from "Salaries and COLA" to "Goods and Services". Is it that the budgeted amount was so high that that was the only area that I saw so many transfers taking place and bringing it into the "Goods

and Services"? I believe, Sir, that under "Salaries and COLA" is where you could find an area for sustainable jobs which would ease the unemployment situation in this country, thereby attempting to cure some of the social ills that go with unemployment, such as crime and poverty. I would not go too far into that, but I would just want to make a plea.

Under "Goods and Services", it is important for us to find out what portion of these "Goods and Services" went to the small business people of this country. I want to put in a plug here, Mr. President—and that is simply why I stand here this afternoon—that the Government strongly consider putting in place some kind of small business procurement policy, whereby the small businessmen of the country could be guaranteed a piece of the action in the awarding of contracts by Government. I say so because, very often I believe, the "Goods and Services" go out to larger firms and companies; and if we are trying to build a small business cadre in this country, we ought to look at giving some guarantee, all things being equal, to the small businessmen of this country.

This is the only contribution I want to make, because I think that small business is an area of self-reliance that this country needs at this point in time.

Thank you very much.

Sen. Dr. Kenneth Ramchand: Mr. President, I will try to be brief, since most of the points I wanted to make have been made. I agree with Sen. Mansoor that a variation of three per cent in the budget is neither here nor there. But I think it is important to speak, because what is being said about the Supplementary Appropriation Bill is really being said about how Parliament works and how the country is being governed.

I take the opportunity to make some remarks, not because I am in a position to challenge or question the revisions and provisions in detail, but for precisely the opposite reason. None of us reading the Schedule can divine what is really included therein. I overcome what I thought was my own literary man's shame and have the courage to pluck out what is in my bosom, because Sen. Hosein and Sen. Mansoor confess, in different ways, to being in the same darkness as I am.

I want to speak under three main headings. Firstly, the kind of detail provided in the Schedule; secondly, the relationship between budgeting theory and practice, as implied in the Schedule; and finally, a brief comment on the degree of democracy or consultation in the present case and the connection between this manifestation and other trends in the Republic's management of its business.

Looking at the Schedule, Mr. President, and listening to the Minister, it is obvious that there is not enough detail. There is no explanation as to why some things are done and why some are not done; why some things are purchased, and why some are not. Moreover, there is nothing that allows us to do any kind of auditing. How can we decide that something is value for money, or that the Government was ripped off or not, by its un-named suppliers and providers of services. I do not want to go into detail about this—just a general point that the lack of information leaves one uncertain about whether we got value for money.

Sen. Mansoor made a distinction between transfers and new appropriations, which I think is important. I can see with the Senator's argument that—in money terms and, perhaps, because of the difficulty of deciding before hand exactly what your expenditure under different heads might be—transfers may not be too much to worry about. Mr. President, there is another way of looking at transfers. Why is money not spent in some areas? Should the divisions that effected savings be congratulated for their efficiency and creativity? I would like to think so.

5.10 p.m.

If you look at decreases in the schedule, you will find that some of the savings are made by not filling vacant posts and some, as Sen. Hosein suggested, were made on account of cutbacks in very important areas. Transfers can be an indication of changes of priorities, and of going back on advertised priorities or promises.

Why are there decreases in education when we all agree that the educational provision in the country is unsatisfactory? If you did not wish to use the money allocated to Women's Affairs, Culture and Community Development or in People-oriented Programmes, could that money not be kept and used within the same Ministry?

Mr. President, I see that under National Archives, \$100,000 was not spent. Have you ever been to the National Archives? Are the National Archives clean, decent, organized and so well-manned that we can afford not to spend a measly \$100,000 allocated to it?

I notice, along with Sen. Hosein, that less money is being spent on tourism. Does this indicate a decision to spend money on improving the country for citizens in the certain knowledge that if it is good for us, it ought to be good enough for tourists? Or, are the figures an indication that the Tourism Development Authority is just not doing its job? We cannot tell.

With respect to new appropriations, I only wish to say that if there are new appropriations, the country and its parliamentary representatives have a right to be told that certain new projects and priorities have been identified and that the Government would like to spend some more money to fulfil them. We should be told in the clearest English that literary critics and the common man would understand. I cannot make head or tail of the new appropriations. As far as I am concerned, it is not written in English.

Mr. President, more specifically, I would like the Minister of Finance to answer, what looks to me as a very important question, by Sen. Mansoor, about rules relating to the Public Sector Investment Programme and capital development programmes in the budget.

Finally, I would like to say to those of us who feel weighed down by helplessness and ignorance because of the lack of detail being offered today, we are not just talking about something personal. There is a larger issue called democracy. Parliament is a place where people parley; where they speak, discuss and consult. If matters brought to the Senate cannot be discussed as matters of principle and policy; if we cannot agree or disagree on the basis of information that we have to work with, then the very nature and function of Parliament is being undermined.

If Parliament itself has not got enough light to see what is and what is not, I have to repeat and lament that the citizens outside, the poor people who are wooed just once every five years for their one little vote, these people are being cast into even greater darkness.

There is need for a more radical change in how we do things so that people are consulted and kept informed in ways that they can understand about how their business is being run. However, for the time being, I support the call for the creation of a Joint Parliamentary Committee and for Sen. Daly's suggestion that there ought to be discussions, before hand, in which many of the issues that come to the Senate are clarified and explained and put in language that Members of the Senate can understand.

Thank you.

The Minister of Finance (Hon. Wendell Mottley): Mr. President, I have listened with interest to some of the matters raised. Let me assure hon. Senators that no discourtesy was meant in the form of presentation. In the Lower House, as the Minister of Planning and Development explained, there is a committee system

Supplementary Appropriation Bill
[HON. W. MOTTLEY]

Tuesday, November 10, 1992

for this particular matter. It goes before the committee and I sit at the Chair, the Director of Budgets is on my right with all his files, *etc.* During the course of that committee, questions are raised on the other side and immediate answers are supplied. After that, minutes are taken, then the matter goes before the House for a full debate.

That does not happen in this place and that is a matter for Senators to look at, as to how they want to regulate their own proceedings, but in the meantime I will undertake, from some of the suggestions that have been raised on the other side, certainly, for this particular matter with this sheet, to have the staff of the Budget Division, in future—but also related to this particular exercise—to circulate all Senators with the remarks column so they will be given the detailed information which they are seeking. That is for this and future exercises, and until such time as I am informed differently as to how the Senate wishes to proceed on this matter.

Sen. Rooks: Mr. President, on a point of clarification, would it be possible for a team from the Senate to join your meeting with the Lower House and do it all in one? Then they can have the information to bring back.

Hon. W. Mottley: Mr. President, I would have to be guided by the Attorney General and the Speaker of the House of Representatives on this matter. I am no expert. I do not believe that it is possible, but that is why I say it is a matter for the Senate to regulate itself. I believe that the Ministry of Finance is prepared to be co-operative in providing information that is required for this Senate to conduct its business.

This Supplementary Appropriation Bill comes out of an undertaking that I had given to the other place, arising out of a similar Appropriation Bill earlier this year, in which it was post budget and there were very many more items for discussion, transfer and supplementary appropriations. I gave that House the undertaking that, as a matter of course, the Ministry of Finance would bring these items sooner rather than later, and certainly before the budget, so as to have as many items as possible, cleaned up in the accounts before the year's end. It is in this context, therefore, that I have brought this Supplementary Appropriation Bill.

Let me go on to answer some of the numerous queries. I propose to answer some of them here. The hon. Minister of Planning and Development has indicated the workings of the Entertainment Vote, and I wish to confirm that the transfer of \$1 million was used for official entertainment for hosting the two Caricom conferences.

With regard to the major transfers to meet consulting and contracting services in the Ministry of National Security, the Ministry of National Security used to operate helicopters; they then formed Helicopter Services Company Limited and transferred the assets to that company. In the interim, therefore, it became necessary for the Central Government to hire the services of the helicopters from that state enterprise, so to speak. That is the reason now, for the transfer of moneys to pay for the Ministry of National Security's use of those helicopters.

5.20 p.m.

With regard to the increase of \$776,228 in allowances for parliamentarians, Cabinet only this year, and after the budget, took a decision that Members of the House of Representatives should be assisted in their representational functions. Funds were provided for them to pay a minimal number of staff and to meet electricity and telephone bills in their constituency offices. This is the amount that came post-budget, that deals with this particular item for all 36 constituencies

Foreign Affairs—there was an increase of \$798,231 and that was to provide for expenses for transport and freight for posting of overseas officers. Following the change in Government there were a number of changes in diplomatic representation and an unusual round of activity and posting of diplomats with the expenses that arise therefrom.

Under agriculture—\$226,320 was needed for meeting operating cost of Non Pareil Estate. Since then that estate has been closed down and the workers settled. So that is not a continuing expense; the estate was hopelessly ill-run and losing money. Their expenses grossly outweighed any revenues and the Government took the decision to close it down and to pay the workers.

Funds were transferred from vacant posts without bodies to meet a number of items in the Ministry of Finance. The sum of \$3.4 million was transferred from those non-filled posts in the Ministry of Finance to meet some long outstanding claims by business people for refunds of customs duties.

Another \$907,000 in the Inland Revenue Division became due and was paid to Peat Marwick for a part of the consultancy contract on computer services that was initiated when VAT came into being. There were disputes as to whether the service had been completely delivered and, ultimately, \$907,000 became due and payable this year. There was another sum of \$557,631 under regional bodies to meet subscriptions to the Caribbean Development Bank.

As Senators were able to discern, a sum of \$4,753,000 was transferred to the National Carnival Commission for Carifesta activities.

Under Public Utilities, \$250,000 was transferred to cater for outstanding election expenses. You may ask, how? That was overtime for postmen to deliver voting cards.

You will find that a number of these items are of this nature on the decrease side. Yes, we did decrease. The government was not at all happy about accountability in this programme. This was a programme used sometimes to build toilet facilities in certain areas and do all sorts of odd jobs in 1991, an election year. We just did not find that this particular programme could be supported.

I have covered most of the major items raised and will undertake a full remarks column against every item raised in this sheet which Members will have.

Let me go on to some of the more global items raised by Members on the other side—the question of the \$200-odd million. Let me assure Members that is a full accounting of the borrowings under the IDB. The agreement is to borrow more than that \$200-odd million but what we are putting in the budget, that \$200 million, represents our anticipated drawdown in 1992, absolutely all of which is for on-lending for the oil sector. Yes, it can be argued that we did not get the best advice initially. It was argued that it should not go into the accounts since it never came to the Government directly. It came directly from the IDB into the Central Bank and from the Central Bank onto Trintoc. But subsequently, upon closer examinations and deliberations, accepted the advice of the Treasury and the Treasury Solicitor and have brought the account to book. That is all that it is—an in and out transaction from the IDB to the Central Bank, and back out to Trintoc. Therefore, there is both expenditure and financing for the particular item. Once you take out that \$200 million you are left with not many millions of dollars in the context of an \$8 billion budget for supplementary appropriation.

In the financing, \$15 million for the local government was financed by an in and out transaction because there were savings that were brought over from last year that we retired and are now seeking to have the supplementary appropriations to deal with some frankly too bare-bone estimating for local government in 1992, especially scavenging contracts which were not properly estimated should have been better estimated. We have now had to top-up the estimates to deal with that particular item under local government. As part of the undertaking that I had given in the other place in bringing the Supplementary Appropriation Bill and the need

to give Parliament a greater degree of accounting for what has been happening in the course of the year.

5.30 p.m.

At this stage, may I also remark that it is a pity that the existing committees of the House are not functioning. There has been, as hon. Senators on the other side have pointed out, a long tradition going back decades, of the functioning of the Public Accounts Committee and the Public Accounts (Enterprises) Committee. These Committees are chaired by Members from the other side. They provide an opportunity and the history of this Parliament has been that they have not been toothless tigers. They have raised several matters which have come to light and have been the subject of debate in the press and so forth. One can even argue that they fuelled a lot of discussion leading up to the 1986 election campaign. That has been the history.

It is a great pity that if there are shortcomings in the way those committees function, those particular shortcomings are not addressed and those committees are not used to better order the proceedings of the Parliament, and to provide avenues for discussions of the kind of information that certainly, as Minister of Finance, I have been attempting to let Parliament have.

In the course of the preparation of the 1992 budget, a number of the items on revenue were calculated. In my own estimate, we have not done all that badly. In fact, I am signalling that I am more concerned with calculations of revenue for the 1993 budget, because so much is in flux.

After this particular matter is settled, we will go on to deal with the Petroleum Taxes (Amdt.) Bill and that is quite a new ball game. Therefore, elements of necessary uncertainty, you can make fairly good projections, but still there is an element of uncertainty because it is not just a projection of something entirely known to you.

There are quite some radical changes in the new petroleum legislation which even the best efforts of the Oil Audit Section of the Inland Revenue Department—there are still some grey areas in terms of calculations. There are also other matters. There are the questions of Customs revenues and lower CET as recently agreed. We are also committed to bringing down stamp duty and the surcharges over a period of time to 1994. We will have to take a bite of that, this year.

At the same time, we are improving our Customs administration, therefore, exactly where the raft crosses in terms of lower revenues, better collection and increased volumes of trade as a result of lower rates of import duties, there is much in the grist and therefore greater elements of uncertainty. I just signalled that in relation to the 1993 budget.

Let me turn now to the review of the 1992 numbers up to the end of September 1992, which are the latest figures which we have. The variances on the revenue are \$293 million deficit, negative variance on the 1992 numbers expected at the end of September, of which taxes on income and profits were up approximately \$80 million on budget projected for the nine months. Taxes on property were down by \$10 million on what we projected for the nine months.

Where we took the licking was on taxes on goods and services, where we were down by \$328 million for the nine months, of which the major item down is VAT by \$187 million, out of \$328 million down for taxes on goods and services. Taxes on international trade were down by \$36 million of the budget. That is not too far off the budget.

On the expenditure side, having fallen short by \$293 million; on the revenue side, we therefore had to suppress expenditure accordingly. We have suppressed expenditure to the tune of \$352 million in nine months. We have been able to stay more or less on course, bearing in mind the shortfalls on revenue by correspondingly shrinking the expenditure. On the expenditure shrinking, personnel expenditure was down by \$35 million; goods and services down \$45 million; transfers down \$74 million and capital expenditure, which is the hurtful one, down by \$187 million.

We have had to suppress both recurrent and capital expenditure, but in these matters as always—and it is very unfortunate and we do not like this trend in the Ministry of Finance. We had the suppression of \$187 million in capital expenditure. You can understand the consequences of that, but I thought that I would let the Senate have this information, so that they would understand where we are in terms of the execution of the 1992 Budget.

It has not been an easy year. In particular, the calls on the country for debt servicing have been high. We have met all of our foreign debt obligations on time. In this regard, I think 1993 will be equally difficult and that is why we have been taking great pains to prepare the systems in the Ministry of Finance, and in the different departments of government for very precise execution of the country's

budgets, because it is on that our international reputation hangs, and ultimately the capacity of the country to ride out of short-term difficulties, and achieve the assistance that is required in the short term on which is predicated the ultimate revival and growth of the economy.

I am optimistic and remain optimistic that despite the difficulties of this year, we have been able to execute the budget without a very serious derailment. We have achieved most of our targets, especially paying our debts and that is very important. As a result of having done so, we have already achieved some benefits. I am confident that this Supplementary Appropriation Bill that is before us represents a minimal wandering away from the course which we had set earlier this year.

Sen. W. Mark: Before the hon. Minister takes his seat, I want to make just two small points of clarification. I cannot sit here and have it recorded that—the two accounts committee, the Public Accounts (Enterprises) Committee, as well as the Public Accounts Committee of which I am a Member—and I speak on behalf of the Public Accounts Committee—are not functioning. The Committee has held six meetings to date, since it was appointed and meetings are held once every two weeks.

The point that the Minister was making and the point that we are making is that accounts coming to the Public Accounts Committee, come after events and similarly with the Public Accounts (Enterprises) Committee. However, what we are advancing on this side is that we need a Joint Parliamentary Committee to deal with the monitoring of the implementation of the budget. That is what we are talking about here, not after events.

Therefore, I think it is important that we set our record straight on this side, so that there would be no confusion in the mind of the Minister as far as our position is concerned.

5.40 p.m.

Hon. W. Mottley: Mr. President, I do not want to get into that. I think, in view of what the hon. Senator has stated, this is something that perhaps I had better amplify, in the budget presentation, how some of these accountability processes in government work, so that the nation will better understand the process. I will state at this time that we, on this side, are only doing what we believe to be responsible. We are providing information and where we are found to be falling short, once it is brought to our attention, in the interest of serving the nation, we try to make further information available. I beg to move.

Sen. Mahadeo: I did not want to disturb the Hon. Minister while he was winding up, but I became a very worried person when he touched on the question of the Non-Pareil Estate as now being closed. My worry now is: What has happened to those 40 to 70 workers who were employed there? I know he may say that he is not the relevant Minister to answer the question and that I should pose it to the Hon. Minister of Agriculture, Lands and Marine Resources. However, he is also a Member of Cabinet and I should think that the right hand should know what the left hand is doing and as such might be able to enlighten us a little as to what is being proposed with that estate now that it is officially closed and the workers are retrenched. Even though he has wound up, I seek to ask the question.

Mr. President: It is always better to ask the Minister to give way so that you can get the clarification while he is still on his feet. I do allow a little laxity sometimes, so if the Minister is so disposed, I will allow him to reply.

Hon. W. Mottley: I know, as a member of Cabinet, that severance was paid. I do not know about any subsequent action, since it is not directly under my Ministry, but I also know, as a member of Cabinet, that the Ministry of Agriculture is evaluating proposals for the use of that estate by different methods. I understand it is being proposed that contracts be put out for the purchase of crops and the estate will be put into use by farmers who can provide the crops to a central non-government buying agency.

Question put and agreed to.

Bill accordingly read a second time.

Hon. W. Mottley: Mr. President, in accordance with the provision of Standing Order No. 63, I beg to move that a bill entitled an Act to provide for the Supplementary Appropriation for the service of Trinidad and Tobago for the year ending December 31, 1992, not be committed to a committee of the whole Senate.

Question put and agreed to.

Bill read the third time and passed.

RELATED MATTERS

The Minister of Finance (Hon. Wendell Mottley): Mr. President, since bills Nos. 2, 3 and 4 on the Order Paper are related, I wish to request that second reading be taken together.

Assent indicated.

PETROLEUM TAXES (AMDT.) BILL

Order for second reading read.

The Minister of Finance (Hon. Wendell Mottley): Mr. President, I beg to move,

That a bill to amend the Petroleum Taxes Act be now read a second time.

Before I go into the details of these bills, I thought that I should give the Senate some explanation as to why this legislation is necessary. Trinidad and Tobago is a small petroleum producer and we exist in a field where major international companies operate and countries produce quantities of oil vastly in excess of what we produce.

The international petroleum industry is indeed just that—an international industry of major proportions. Perhaps, oil is the most significant resource in the 20th century and oil has determined the fate of nations, of wars and of the whole economy of the western world and even the communist world. Oil and petroleum is, therefore, the energy of the whole business of international commerce. The major companies that operate in the industry do so across transnational borders, and especially at this time, these companies have access to oilfields in the Middle East, in Latin America, off the Alaskan coast, off the British Coast in the North Sea, and even more recently, these companies have access to what used to be the Soviet Union and is now the Commonwealth of Independent States.

Why am I telling you all this? Because I am attempting to paint a picture of the global reach of the international oil majors and of a massive, important industry important to world trade in a way in which perhaps no other industry is, and also to paint a picture of Trinidad and Tobago in that scenario—a small producer, producing oil for the last 100 years, in several respects, a high cost producer, and in several respects a producer that cannot dictate the pace.

We cannot call the shots in the industry. We are minuscule in terms of country production. We are producing just under 150,000 barrels per day, Venezuela produces 2.5 million barrels per day and, if pushed, it is said that the countries of the former Soviet Union can produce 25 million barrels per day. That is the situation in which we exist; a situation also in which some of the majors operating in this country, Amoco, for instance, have Trinidad as but a fraction of their own production.

5.50 p.m.

In that situation, Mr. President, we must also look at the international economy. The international economy, of late, has been a very difficult one. There has been prolonged recession in the United States and proving difficult to reverse. We have seen turmoil recently in Britain. We have seen upset in the European Common Market. There is a degree of depression and unease and recession in Japan unheard of in the post-war period and all of that has caused a diminution of industrial enterprise and with it, a diminution of the demand for oil.

In that scenario, a number of Third World countries have been producing oil because they desperately need revenues. They have been producing oil flat out, leading to gluts in the international oil market.

Because of the depth of the recession in the developed world, Mr. President, and the decline in the demand for oil resulting in a not very robust price for oil, a trend that has manifested itself again recently in the last few weeks, especially over the last year, a number of the major companies have been reporting declines in their earnings.

In that situation they have been very careful about their new investments and, Mr. President, they have the world to pick from. They are very concerned that they weigh the balance of risk and return and they do these equations of risk and return as they survey the globe, which is their oyster. These transitional operators view their operations and their risk and return evaluations based on their individual assessments of the opportunities as they present themselves in the Gabon, Colombia, the Commonwealth of Independent States, Alaska and of Trinidad and Tobago.

In that scenario, Trinidad and Tobago is, again, different from in the past, after the boom years when our own domestic oil companies, Trintoc and Trintopec, were cash rich and perhaps could have sustained a measure of domestic investment that would allow those companies to reverse the downward trend in oil production. The fact of the matter is that Trintoc and Trintopec are cash-starved; they just do not have that capacity any more and, indeed, some of the more recent happenings, especially the Trintomar event, severely damaged the cash-flow of the three local partners, but more so, Trintoc and Trintopec. There is no domestic resurgence capable from those companies.

Increasingly, Mr. President, we are dependent on injections from the majors and the majors view us as but one star of a number of stars in the firmament. That is the picture that I want Members of this House to understand.

We in Trinidad and Tobago have our geology. The majors, the local companies, as well, have the capacity to assess that geology; that is but one risk. We have certain advantages in Trinidad and Tobago based on location to the major markets of North America; that is plus. We have other advantages that rank us ahead of the productive geology of the Soviet Union. That is, that we have a long experience in dealing with oil companies and oil matters and we have the infrastructure in place, legal and otherwise, to deal with the majors that the Commonwealth of Independent States just does not have; that is another plus that we have.

Mr. President, that fact is that most of our operations are high cost. We do not have—at least not until now—the kind of gushers, the spindle-tops that, there have been in other areas, such as the Middle East. Costs of production here are higher. Some of our more productive operations are out at sea in a more expensive environment. Some of our land operations are, frankly, not that productive. Some well, I understand produce thousands and thousands of barrels a day. I think the best we have had recently is the 8,000 barrels a day at Amoco, for six weeks. There are several wells that do over 25,000 barrels a day for a sustained period.

After all is said and done, there remains one particular variable that we have under our control that we can influence in the risk return equation and that is the level of taxation that ultimately affects the return in the hands of the operator, whether it be the local or foreign operator.

For a long time we have operated in Trinidad and Tobago with supplementary petroleum taxation legislation that was cast at a particular time when oil prices were almost US \$40 a barrel for some of our crude. The whole purpose of the supplementary petroleum taxation regime was to cream off windfall profits that were accruing and to garner them for the people of Trinidad and Tobago.

Unfortunately, Mr. President, the regime that was contrived was rather inflexible in that as oil prices came down, post the boom, we did not have built into the mechanism the capacity to automatically bring down the creaming off mechanism of the supplementary petroleum taxation. Companies paid more and more out of their turnover until the point was reached where they were not generating the kinds of surpluses that were required to re-invest in new

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exploration out of every barrel that is required to keep the industry going and buoyant.

In Trinidad and Tobago, we are in a situation where not too long we were producing well over 200,000 barrels a day. The rate of decline of the industry is such that it is frankly alarming. We are now producing just over 130,000 barrels a day. We have not found, really, a new oilfield since 1969.

It is in our interest, Mr. President, above everything else, not to try to take more out of a shrinking pie, but to try to re-cast the equation and to do what is necessary to encourage maximum exploration both by the local and potential foreign companies so that, hopefully, we will again, with that new exploration, and assisted by some of the new technologies that are about with three-dimensional seismic and computer-imaging, push those companies into the exploration that will ultimately lead to new oil finds and new production. Once we can reverse the trends that we are seeing in oil production, the country will, again, stand to benefit and reap the rewards from a growing oil production.

It is that which is now before us, Mr. President. We cannot change our geology, we cannot change our international position, but it is possible for us to recognize that some of our taxes were cast for a different time and to face the new time and to re-shape some of that taxation and point it towards changing the risk return equations that companies look at, and make Trinidad and Tobago internationally competitive again in the international oil environment, so that we attract companies here to do the kinds of expenditure in exploration that is required to reverse what would now appear to be the demise of our industry, if present trends continue. That is it in a nutshell.

We have, therefore, had advice, done studies, Pleasant & Associates; our own people have gone abroad and studied different regimes and we now come, after a long period of deliberation and discussion with several oil companies, a period in which we have had to address the complex geology of Trinidad and Tobago, the fact that in preparing petroleum legislation for Trinidad and Tobago, you must address the marine, land, a heavy oil and light sweet crude environments. All of these different complexities are brought to bear in our evaluation and ultimately the presentation of these bills.

There are some other considerations, as well, Mr. President. The fact is that, as we have moved away from windfall profits tax, we have used the opportunity, as well, to increase the pure profits tax, and there is nothing wrong with that.

Windfall is when you take straight off the top. Where there are profits, however, are another matter and where there are profits, we are trying to take a little bit more so that as we adjust downwards on the STP and at the same time provide a ratchet up and down so that, as oil process rise, we get the benefit; as they fall, we move away from taking so much and leave enough in the pot for exploration and survival of the companies. At the same time, where there are profits, we have decided to take a little bit more. Therefore, that is addressed in the legislation here, as well.

Sen. W. Mark: Mr. President, just on a point of clarification. It will be useful for us on this side if the hon. Minister could tell us, from 1969 to now, we have not discovered any oil. What has it cost the country in terms of the incentive package that we have provided to these oil companies for the last 23 years for actually discovering nothing in terms of oil?

Hon. W. Mottley: I did not say that we did not discover oil. What I said was new oilfields. This is what we are about. This is what we have been talking about with some of the new majors operating here.

Of course we have discovered oil, different pockets and so forth. The geology of Trinidad and Tobago is quite complex. We have two resident experts in the Senate and they will get into that. Just to clarify, I will say that we have not discovered brand-new oilfields but we have, within the same oilfields, discovered new pockets.

There is another matter, Mr. President, that is addressed in this legislation, as well, and that is the petroleum levy. We have a system of levy on the producing companies which is the way we use to deal with the subsidy at the pump. This levy is placed on the production of the companies that produce over 3,000 barrels a day. They are the ones on which the levy sits and the levy has no cap. The purpose of the levy is to subsidize the product at the pump and as the price of oil rises, the levy burden on the producing companies also rises.

It has been termed by the producing companies as unfair and, worse, unpredictable, making their budgeting impossible. We have listened to those arguments, found some merit in them and, therefore, attempted to keep the subsidization but, at the same time, put a cap on the amount that the companies would have to pay in the event of oil price hikes and so forth. Mr. President, that is the scope of the legislation in a nutshell.

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We went about the discussions with the oil companies, because it is essential that we understand what we are setting about, because at the end of the day, the purpose is to achieve new exploration. We think that there is, by and large, consensus, that we achieved our purpose in what this legislation is about.

Based on the undertakings that we gave that we would get this legislation through, one major oil company, Amoco, brought down here a new gorilla rig, and it is clear that the purpose of that rig is not just to drill gas wells in furtherance of contracts that the company has with NGC. It is clear that rig which can set down 48-inch pipe and go down to depths in excess of 20,000 feet is here to deal with what they see in their seismic surveys, particularly in the Samaan Field, which is oil. It is new exploration for new fields at depths hitherto unknown to Trinidad's exploration history.

By the same token, Mr. President, Exxon, on the strength of what we are proposing in this legislation, is prepared to start activity in the southern basin early next year in the dry season. Again, deep wells, areas which their seismic surveys are showing up hold the prospect of new oilfields being discovered in Trinidad and Tobago.

Only yesterday we signed with a new company, Enron, for gas, but also with the potential for liquids and oil. This is happening partially as a result of the exercise that has been going on since February of this year, discussions, agreement and an undertaking to bring this legislation to this Parliament.

Mr. President, if you will bear with me, if I quickly go through some of the technical details of the bill. I will not do so in any great detail because, frankly, as I read it, it is quite difficult to follow in terms of the legalese, but I will attempt to do so.

The scale of supplemental petroleum taxes reflecting progressive graduations when the price of crude oil increases, enhances Government's share of the revenue from any windfalls that may arise. That is what I have said. It is now a graduated scale. From all discussion, it was agreed that the significant relief provided in respect of SPT presented an opportunity to shift to a more profit-based regime. As a consequence, the petroleum profits tax rate was increased by two percentage points when the removal of the natural recovery impost is taken into account—we have removed the national recovery impost.

The incentives have been designed to facilitate specific activities. The benefits of these incentives will only accrue from additional investment expenditure or from increased production. Relief has also been provided for marginal fields in both the land and marine areas. In other words, bearing in mind the complexity of the situation, we are trying to provide tax relief for marginal fields that are producing no more than a few barrels a day.

The incentive for the production of heavy oil has been enhanced. We have very large proven resources of heavy oil in Trinidad and Tobago and we are trying to provide some incentives to win it.

The additional features of allowing expenditures on sidetracks to be deducted for petroleum profits tax will improve crude recoverability from known reservoirs.

Mr. President, in addition, as an inducement for new investment in the petroleum industry, a reduced scale SPT rate has been provided where production commences in the future from new license areas. This would compensate for the disadvantage experienced by new companies without current operations against which to deduct new investment expenditure. This is fundamentally important. There are the Amocos who are already here and so forth, but there are new companies, such as Exxon and so forth, with no production and we are trying to get them and others—some of the majors as well—to come and be part of the Trinidad oil scene.

A similar concession was made in respect of sub-licenses issued after January 1, 1988, on land, since, by the nature of the operations, sub-licensees may not qualify for all of the SPT allowances related to explorations, development drilling, geological and geophysical costs.

A limit of three per cent of gross income was put on the petroleum production and subsidy levy. This addresses the concerns expressed by the oil companies that they were unable to predict the amount of the levy for a financial year and would prefer that a ceiling be placed on the extent of the levy so that they could more realistically plan their programme of activities.

Clause 2 of the Petroleum Taxes Bill deems to Act to have come into effect on January 1, 1992 except where it is otherwise stated. You will note, Mr. President, that the provisions of clause 5 are deemed to have come into operation on June 1, 1991 and paragraph 5 of Part A of the Third Schedule, which deals with a discount of supplemental petroleum tax comes into effect from January 1, 1993.

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Clause 4 repeals the National Recovery Impost which was introduced in 1987.

Clause 5 is intended to give relief to a person who is carrying on refining operations and is given a tax holiday under the Fiscal Incentives Act.

Clause 6 provides for a deduction of 100 per cent of expenditure incurred in workovers, maintenance or repair works on completed wells and qualifying side tracks. Previously, the allowance for expenditure on workovers was 150 per cent of the actual expenditure, while expenditure on sidetracks was capitalized. It is now proposed to allow expenditure on qualifying sidetracks to be deducted as an expense in the year in which is incurred and to limit the allowance for workovers to the actual expenditure incurred. The deduction for expenditure on sidetracks is an incentive to oil companies to produce oil from reservoirs which, under the present provision, may not have been economically viable.

Clause 7 seeks to extend the heavy oil allowance to land areas. Under existing legislation, this allowance is available at this time only in a marine area. This provision would encourage companies with land operations to develop heavy oil reservoirs which may not have been previously economically viable.

Clause 8 extends the deduction for expenditure on development dry-holes to exploration dry-holes. Under the present legislation, expenditure on exploration dry-holes is capitalized. The deduction for such expenditure would encourage further exploration drilling.

Clause 9 removes drilling related to base crude oil and additional crude oil.

Clause 10 removes the charge of supplemental petroleum tax from additional crude oil income and base crude oil income and replaces it on gross income.

Clause 11 removes reference to additional crude oil and base crude oil, and introduces the Third Schedule.

Clause 12 introduces a new allowance, the geological and geophysical allowance for supplemental petroleum tax purposes. The allowance is equal in amount to 50 per cent of expenditure incurred and this is allowed as a deduction from gross income. These costs are associated with exploration and development activity and the deduction from gross income would encourage further activity of this nature which may result in additional drilling for oil. This is the geological and geophysical allowance for SPT.

Mr. President, this is in connection especially with some of the seismic work and so forth that has to be done. This work is quite expensive, US \$2 million to \$3 million for seismic work now is not unusual and this technique is proving

invaluable in Trinidad and Tobago at this time. This country has been drilled over for the last 100 years and it is now only with these new techniques that the companies are being afforded the opportunity to zero-in with virtually x-ray vision at 20,000 feet under the sea to see these pockets. So that we want to encourage this kind of activity since it is proving to be a tremendous boon to an old industry in Trinidad and Tobago, such as our industry is.

Clauses 13 and 14 remove the provisions relating to the production allowance on marine operations. The production allowance was an allowance of 30 per cent on gross income which was deductible from the gross income of the first two million barrels of oil produced from each marine field in any year.

Clause 15 provides for the exploration allowance of 150 per cent of the direct cost of drilling exploration wells to be reduced to 100 per cent of such expenditure which is deductible from gross income.

6.20 p.m.

Clause 16 makes provisions for the deduction of overriding royalty in computing SPT.

Clause 17 introduces a new heavy oil allowance in computing SPT.

Clause 18 extends to land areas, the investment allowance in development activity currently applicable only to marine areas. The rate of 43 per cent for intangible drilling costs and tangible costs respectively is reduced to 40 per cent, which is deductible in computing SPT.

Clause 19 reduces the enhanced recovery allowance on land from 140 per cent of expenditure incurred on plant and machinery to 100 per cent.

Clauses 20 and 21 remove the reference to additional crude oil and base crude oil from section 26(c), which relates to allowances to be claimed in a financial year; and section 26 (d), which deals with deductibility of allowances in relation to land and marine operations.

Clause 22 removes the provisions of section 26 (e), which provides for the end of the previous petroleum tax regime for the SPT.

Clause 23 increases the tax rate for petroleum profits tax from 45 to 50 per cent.

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Clause 24 amends paragraph 7 of the Second Schedule which modifies the Income Tax In Aid of Industry Act to increase the rate of the annual allowance for intangible drilling and development costs from one-eighth of the expenditure to one-fifth.

Mr. President, I now deal with Part A of the Third Schedule. Paragraph 1 defines weighted average annual crude oil price.

Paragraph 2, marine operations, provides that no tax is chargeable where the weighted average annual crude oil price for any financial year is US \$13 per barrel or less. That is the price at which there will be no SPT in marine areas. In that connection, on land the price would be US \$14 per barrel or less. There will be no SPT, because at those levels, as I had explained, the committee that did this work felt that there would be no windfall and, therefore, there should be no tax.

Then if you look through the Schedules, Mr. President, you will see column "C", Part B and so forth, and column "D", where different rates would apply under different scenario. Sub-paragraph (e) permits an election to compute separately the gross income and allowances from a field in respect of which the licence was granted on or after January 1, 1988 and pay tax in respect of that field at the lower rates of column "D", or to consolidate with other operations and pay tax at the higher rates at column "C".

Mr. President, let me now turn to the bill to amend the Income Tax Act having dealt therefore with the matters relating to the SPT.

Sen. Daly: Mr. President, if the Minister would be good enough to give way, before he leaves this piece of legislation, might I inquire in relation to the proposed clause 11(a) and (b) whether he is going to assist us with what sums of money, if any, the state may be giving up as a result of the provisions for those sections to come into operation retrospectively on June 1, 1991?

Hon. W. Mottley: Mr. President, I am not in a position to give that information here and now. We had made overall calculations. I have some of the staff here from the Oil Audit and I would have to confer with them for the details of that calculation. I could return to it in a while.

Under the amendment to the Income Tax Act, clause 3 deems the provisions of this bill to have come into effect on January 1, 1992;

Clause 4 defines production business.

Clauses 5 and 6 seek to change the method of write-off of capital expenditure incurred on machinery and plant from the reducing balance method to the straight-line method.

Clause 7 provides for the first year allowance under section 17(a) which was introduced by clause 6 to be treated as wear and tear allowance in arriving at the unrelieved balance of expenditure for the purposes of the balancing allowance or balancing charge.

Sen. Hosein: Would the Minister give way? I am so sorry to interrupt the Minister, Mr. President, but I wondered whether the Minister could inform the Senate of the rationale behind the back-dating of the tax to January 1.

Hon. W. Mottley: Mr. President, the Act came to an end at the end of December last year. That is a fact. How we have been operating subsequently is by agreement that we had a team that was studying the legislation and we would act expeditiously to bring the new legislation to Parliament. So that we had a choice of either trying to carry forward the legislation that expired on December 31, 1991; or take the new package and carry it back to January 1, 1992.

Mr. President, we felt that it was best, after discussions with the companies and so forth, and especially after winning undertakings from them about their 1992 operations, in particular their rig activity in 1992, that we felt that in giving up some of the taxes under this new regime and having it back-dated to January 1, 1992, there was something in it for Trinidad and Tobago.

You see, Mr. President, this is a Table which I have shown before and it is a Table for East Coast oil. The dark, heavy shading represents the natural rate of decline for East Coast oil over the years from 1986 on to the end of 1991. That downward trend is the natural rate of decline for those oilfields. It is only as a result of increased activity—rig activity, workovers, all of the different techniques that they employ, not to reverse the decline, but arrest the rate of decline. It is after discussions, especially between the members of the staff of the Ministry of Energy with the operating companies as to that level of activity, which is investment, that continued in the course of 1992 that we agreed to back-date this new legislation to January 1, 1992. In other words, there was something in it for us which we got.

Sen. St. Cyr: Mr. President, would the Minister say whether there is any risk that we have to pay back to the oil companies revenues which we have already collected in respect of the first three quarters of 1992?

Sen. W. Mark: Before the Minister answers that question, Sir, could he make available a copy of that diagram, so that we can have an appreciation of it?

Hon. W. Mottley: Mr. President, we can say with absolute confidence that we will have no moneys due for the oil companies in 1992 that were paid to us in earlier quarterly instalments. The figures that I gave you when we were discussing another matter earlier, stand. We have been fortunate in 1992 to have budgeted at \$19 a barrel and, in fact, realized on average over the year something just in excess of \$20 a barrel; that has given us a little room for manoeuvre. God smiled on us in 1992 and, therefore, we were able to accommodate, with that oil price hike, some of the adjustments that were necessary in this legislation. I can give the House the assurance that there is no outstanding backpay for Amoco.

6.30 p.m.

Sen. Ramchand: Is the Minister of Finance saying that, in fact, this regime has been in operation for most of 1992?

Hon. W. Mottley: Mr. President, yes and no. We started the year and there were different regimes agreed to across the table, as to how the companies would pay, starting with the carrying forward—we collected the first quarter based on the 1991 regime, which was non-existent in terms of law, but we talked to the companies and they agreed to pay on a certain basis and so forth. Then, as the discussions with the companies emerged, there began to be some degree of assurance as to where we were going. It is discussions of that nature that carried us through the year.

Mr. President, if I can go on to deal with the Petroleum Production Levy (Amdt.) Bill, clause 3 amends section 3 by repealing subsection (1). This provision has provided that the levy did not apply unless petroleum was produced at a daily average rate in excess of 3,000 barrels per day. That exemption is now removed and any company that is producing will now pay the levy.

Clause 4 limits the levy to three per cent of gross income so that where the amount computed, in accordance with section 11(1), exceeds three per cent, the levy payable is three per cent; no more.

Mr. President, this outlines some of the specific terms of the three bills before us. As I said in another place, the major beneficiaries of this new legislation are actually the local companies. The Oil Audit Section has calculated that in passing this legislation, everything else being the same, we would be giving up about TT

\$150 million in revenue. Approximately \$115 million of that would be going to Trintoc and Trintopec. So, that we are, in fact, not giving up as much as we would believe. The real benefit from this is in spurring new exploration and enabling Trintoc and Trintopec, especially with some of the new initiatives we have taken, such as the Enron initiative which will help them service some of their Trintomar debts and at the same time, some of the relief they can get with this new legislation, hopefully it will enable them to reinvigorate some of their workovers and drilling activities, and bring life back to the south. As I say that, I did not even see Sen. Rooks look up, as though he was already feeling the benefit.

Mr. President, as I reported, there already is stimulation. Companies have not waited for the final passage of this legislation. They have taken it on good faith that the Parliament of Trinidad and Tobago would see fit, after these long and careful deliberations, to have this legislation passed. They have taken us on good faith and, not only kept their rig activity going in 1992, but we see new, heavy drilling about to start off the east coast and very shortly in the southern basin consortium.

I believe, frankly, that this legislation makes Trinidad and Tobago, again competitive in the international oil environment; an industry that I was at pains to paint the picture, so that everybody understands that we have no choice but to get out there and compete for exploration dollars. Those dollars are footloose, they can go to Gabon and the Soviet Union; we have certain advantages, but we need to tip the scale in our favour for our benefit. We no longer have the capital, domestically, to do what is required.

Mr. President, Senators should understand that some of those wells that are about to be drilled off the east coast cost US \$20 million a pump. If our industry is to survive, we have to take this course.

I beg to move.

Motion made, That the Senate do now adjourn to Wednesday, November 11, 1992 at 1.30 p.m. [Hon. L. Saith]

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 6.37 p.m.