

*Leave of Absence**Tuesday, December 1, 1992***SENATE***Tuesday, December 1, 1992*

The Senate met at 10.00 a.m.

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

Mr. President: Hon. Senators, I have granted leave of absence to Sen. Stanford Callender to be absent from sittings of the Senate for one week, with effect from November 30, 1992.

**APPROPRIATION BILL
(BUDGET)**

Bill to provide for the service of Trinidad and Tobago for the year ending December 31, 1993, brought from the House of Representatives [*The Minister in the Ministry of Finance*]; read the first time.

Motion made, That the next stage be taken at a later stage of the proceedings [*Hon. K. Valley*]

Question put and agreed to.

PAPERS LAID

1. Draft Estimates of Expenditure for the year 1993. [*The Minister of Planning and Development (Hon. L. Saith)*]
2. Details of Draft Estimates of Recurrent Expenditure for the year 1993. [*Hon. L. Saith*]
3. Draft Estimates of Revenue and Expenditure of Statutory Boards and similar Bodies and the Tobago House of Assembly for the year 1993. [*Hon. L. Saith*]
4. Review of Fiscal Measures in the 1992 Budget. [*Hon. L. Saith*]
5. Draft Estimates of Revenue for the year 1993. [*Hon. L. Saith*]
6. Draft Estimates of Development Programme for the year 1993. [*Hon. L. Saith*]
7. Report of the Development Programme on the 1992 Budget. [*Hon. L. Saith*]
8. Public Sector Investment Programme 1993. [*Hon. L. Saith*]
9. Review of the Economy 1992. [*Hon. L. Saith*]

ORAL ANSWERS TO QUESTIONS

The following questions stood on the Order Paper in the name of Sen. Wade Mark:

**School Feeding Programme
(Resumption of)**

21. (a) Could the Minister of Education state what are some of the factors preventing the resumption of the long promised School Feeding Programme?
- (b) Could the Minister state precisely when the School Feeding Programme is expected to resumed?
- (c) Could the Minister state what efforts are being made to assist students and/or parents of students who are dependent on the School Feeding Programme during its absence?

**Bridge Repairs
(Arima)**

22. Could the Minister of Works and Transport state when the bridge at Mount Pleasant Road, Arima, leading into Blanchisseuse would be repaired?

**Bus Service
(Blanchisseuse)**

23. Could the Minister of Public Utilities state when a bus service will be established for the residents and school children of the Blanchisseuse area or of Blanchisseuse?

The following question stood on the Order Paper in the name of Sen. Diana Mahabir-Wyatt:

**Cynthia Riley-Hayes
(Injustice suffered)**

24. Will the Attorney General please state whether he has met with Mrs. Cynthia Riley-Hayes, the President of the Industrial Court and the Registrar of the Industrial Court with a view to implementing the recommendations of the Ombudsman in his Special Report, No. 1 of 1992, in connection with the injustice suffered by Mrs. Cynthia Riley-Hayes.

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. President, I beg to move that the questions be deferred until Tuesday, December 8, 1992.

Questions, by leave, deferred.

**APPROPRIATION BILL
(BUDGET)**

Order for second reading read.

The Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. President, I beg to move

That the Bill to provide for the service of Trinidad and Tobago for the year ending December 31, 1993 be now read a second time.

This is a money Bill and was approved in the other place on Saturday, November 28, 1992. This Bill provides for expenditure of \$8,054,677,371 under the various heads as indicated in the schedule to the Bill. In addition, the estimate of direct charges on the Consolidated Fund for 1993, in accordance with the Constitution of our republic and other laws, and provided for in the Appropriation Bill amounts to \$356,092,600. The total draft estimate of expenditure for the year 1993 is, therefore, \$8,410,769,971.

Mr. President, the theme of this year's budget presentation is very appropriately entitled, "The Passage from Stabilization to Growth". This underscores Government's conviction that the policies which inform the sourcing of revenue and the allocation of expenditure, as reflected in the 1993 Appropriation Bill, will lay the fiscal foundations for a return to sustainable economic growth and the long overdue expansion of employment opportunities.

In many respects, therefore, I am confident that when the history of this period is written, the Bill before the Senate today will come to be regarded as a significant milestone, representing as it does, a welcome end to the roller-coaster cycle of prolonged decline and aborted turnaround which has characterized the last 10 years.

Mr. President, it is against this background of transient growth in 1991 and the stabilization mode which it mandated for 1992, that the fiscal measures proposed in the 1993 Appropriation Bill must be considered. Accordingly, permit me to review briefly the economy's performance in 1992.

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Hon. Members are no doubt well aware that on this Government's assumption of office at the end of 1991, the fragile growth which has been achieved in late 1990 and the first half of 1991 was already showing signs of significant erosion. This growth was fuelled by an expansionary fiscal policy supported by a relaxed monetary stance. In the event, these policies proved unsustainable, since the Gulf War oil price increases on which they were largely predicated were temporary. As a result, our gross foreign reserves declined from US \$607.9 million at the end of June 1991 to US \$427 million by December of that year.

This situation was exacerbated further at the beginning of 1992 by uncertainty concerning the exchange rate, which led to large speculative outflows, adding to the difficulties of economic management with respect to both the external and fiscal balances, with the coming to an end of the grace period enjoyed under the rescheduling arrangements and the consequent resumption of our full debt servicing obligations.

10.10 a.m.

Mr. President, through a responsible Minister of Finance, continued viability of the external accounts warranted prompt corrective action. Our priority had to be the restoration of our reserves to a level which could accommodate reasonably our essential import needs and our external debt service obligations.

Accordingly, Government adopted a more cautious fiscal stance in 1992 and the monetary authorities were far less accommodating than previously.

Central Bank action resulted in unavoidably tight credit conditions with accompanying high interest rates. This contributed, in part, to reduce growth performance of 0.2 per cent in the domestic economy in 1992. This relatively flat overall growth rate is mainly attributable to the continued decline of the petroleum sector, whose output fell by 0.9 per cent. However, non-oil output increased by 1.4 per cent, a creditable performance in the circumstances.

Moreover, the country must be particularly heartened by the 5.6 per cent expansion of agriculture, which led all sectors. Equally of note is the fact that manufacturing, despite strident protestations to the contrary, more than held its own, even as the trade regime continues to be liberalized, registering growth of 2.6 per cent.

Again, Mr. President, on the positive side, the underlying rate of inflation remained at about 3 per cent, though measured inflation was 6 per cent. The

difference being due entirely to indirect tax increases announced in the 1992 budget. The net result was that in 1992, growth, though slowing, still remained positive and the economy was more or less stabilized.

More importantly, however, confidence has been restored, thus laying a firm basis for an expected acceleration in 1993. I am sure, Mr. President, that we will all agree that this cannot come too soon, as unemployment, though contained and restrained by expenditure on the LID Programme, still remained at alarmingly high levels in 1992.

Against this background, Mr. President, several challenges face us as we move into 1993 and beyond, into the 21st century. The major challenges may be summarized as follows:

- (1) The principal, strategic task remains the urgent need to trigger a significant expansion of permanent employment opportunities through increased investment. Short-term unemployment relief through appropriately designed public programmes must continue to form an important part of an expanded safety net.
- (2) There is the need to create an economic environment that is conducive to the transformation of the domestic manufacturing and industrial sectors into a more competitive and productive mode, so as to enable them to compete effectively in an increasingly hostile international environment.
- (3) There is the need to improve the investment climate in the energy sector, recognizing that in the medium term, the economy would continue to be highly dependent on this sector.
- (4) There is the need to expand the economy in a manner that would protect the gains of stabilization already achieved.
- (5) There is the need to achieve an overall surplus on central government's fiscal operations.

The document entitled *Medium Term Policy Framework 1993—1995*, which is one of the supporting budget documents outlines the strategies and policies which this Government would pursue over the programmed period to address these challenges.

With regard to fiscal and monetary policies, Government recognizes the need to ensure greater consistency and co-ordination in order to achieve the desired objectives. Particular attention would be paid to the management of the fiscal account over the medium term as we move to attainment of an overall surplus

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position. This will enable us to deal more comfortably with our debt service obligations and to strengthen our balance of payment position.

The fiscal policy thrust will continue to focus on the reduction of transfers to state enterprises and public utilities, maintaining fiscal discipline and increasing the efficiency of expenditure. Government would also continue to rationalize its direct involvement in commercial activity and to restrict its investments to such areas as are deemed strategically important, or where Government's participation is catalytic.

Accordingly, over the medium term, Government would continue a programme of divestment of those state enterprises which have proved to be non-viable or which do not satisfy the criteria for retention.

A major objective of the *Medium Term Policy Framework* is the enhancement of the environment within which the private sector operates. Towards this end, the legislative, regulatory and incentive regime, which circumscribes such investments is being reviewed and revised. Among those Acts targeted for review are the Companies Act, the Securities Act and the Foreign Investment Act. A securities and exchange commission will also be introduced to increase confidence in the stock exchange.

In addition, there is a range of policies targeted to employment creation and the amelioration of social conditions. These include policies for training and self-employment of the youth, short-term employment programmes targeting women and young people and special initiatives for small business and self-employment. Attention will also be paid to the stimulation of the construction and tourism industries, since these two industries can be mobilized within a relatively short time.

I turn now, Mr. President, to expenditure policy measures, 1993. The policies and strategies outlined in the *Medium Term Policy Framework* find expression in specific measures to be pursued in the short term. Hon. Senators will, of course, acknowledge that policy development is ongoing and dynamic, which is constantly under review, and is often implemented incrementally.

I now wish to outline some of the specific measures which will be pursued during the fiscal year 1993, and show how these will assist in the effective management of the economy.

Mr. President, I believe that it is important to review for the honourable Senate, how the proposed appropriation of \$8,410,769,971 will be expended. In 1993, Government will spend some \$2.4 billion, or 28 per cent of our total expenditure on personal emoluments.

The other area of major expenditure is debt service. Mr. President, we have no choice but to spend \$2.5 billion on servicing the debts of the nation if we are to maintain our international credit-worthiness. If we are to meet the challenges of the future and to deal with other nations of the international community from a position of strength, however small we may be, we must be able to hold our heads high.

Another significant item of expenditure is transfers and subsidies. In this area, we plan to spend \$1 billion. It is instructive to look at where the focus of this expenditure would be. Social support programmes are allocated a total of \$566 million on both the current and capital accounts. This pending myriad of social support programmes for the aged, the infirm and social assistance to single parent households, in addition to the YTEPP and in aid of self-help initiatives, clearly exemplifies the caring approach of the Government.

A further \$393 million will be spent on pension and gratuities.

Between education and health, we propose to spend over \$107 million in transfers and subsidies to fund education programmes and various support measures in health care. Hon. Senators should bear in mind that this amount is in addition to the over \$1 billion which we plan in personnel, health and education.

In addition, agriculture will receive \$125 million in transfers and subsidies, which is not an insignificant sum. This same sector will receive over \$34 million under the development programme.

Mr. President, housing is an area in which Government recognizes that it must provide some direct assistance in addition to the indirect assistance which I would outline under "tax measures for 1993". Thus we propose to spend \$103 million in supporting the expansion of the housing stock of the country. Our development programme provides \$86 million in an expansion of upgrading of health facilities to serve the nation. In education, we would provide another \$41 million. This will bring total expenditure on education, including spending on goods and services to almost \$900 million and on health to \$589 million. This latter amount includes \$92 million to be spent on goods and services, especially medication for the sick and infirm.

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The next major category of expenditure relates to spending on statutory bodies. Local government bodies would receive \$350 million to conduct their affairs during 1993. This amount does not include approximately \$195 million earmarked for the Tobago House of Assembly, which, together with \$38.6 million under the development programme for Tobago, and \$7 million under CAST will bring total expenditure on Tobago to \$240 million in 1993.

I have spent some considerable time and detail on our expenditure plans in order to provide the background for explaining the constraints we face in consolidating the aims of stabilization efforts and in launching the economy onto a sustainable growth path.

Hon. Senators will realize that how much we spend and the priorities which we assign are circumscribed by how much money we have to spend. Repeatedly, Government has explained how necessary it is not to spend more than it could raise in revenue, because of the negative impact deficit financing has on our foreign exchange balance. It will also affect the availability and cost of funds to the local private sector who may wish to access the domestic capital market.

In this scenario, the Government has been forced to postpone certain fiscal measures it considers will assist the growth effort. I refer, in particular, to our plan to reduce taxes on savings, to lower corporate and individual taxes and to introduce additional incentives to stimulate savings and investment.

Mr. President, given the essential nature of the expenditure programme, the room to manoeuvre on the revenue side is virtually non-existent. The situation is compounded, further, by the fact that a number of citizens and businesses continue to employ every possible means to escape the income taxes that are legitimately due under our laws. It is clearly immoral and iniquitous that persons should escape paying VAT, customs duties and personal income taxes that are legitimately due. When this happens, the burden of taxation will fall disproportionately upon honest taxpayers.

In this regard, Mr. President, in 1993, very heavy emphasis will be placed on the efficiency of the tax collection machinery. In addition, the Government is currently examining how the existing legislation may be amended to allow for easier imposition of stiffer penalties in the form of fines or even incarceration upon delinquent taxpayers.

Policy framework for 1993: I noted previously that one of the primary objectives of fiscal policy in 1993 is the achievement of an overall balance on

central government's fiscal operations. Bearing in mind that there was a significant shortfall of revenue in 1992, the Government has to take steps to introduce new revenue-raising measures in 1993 and, more importantly, to improve or enhance our revenue collection capabilities.

At the same time, every effort will be made to restrain expenditure without unduly interfering with the integrity of the capital development programme. To this end, a number of measures would be undertaken in respect of strengthening the administrative functions of the Customs and Excise Division, the Inland Revenue Division and the VAT office, as well as the establishment of a revenue protection agency.

Monetary policy must continue to be supportive of the attainment of our fiscal objectives. It will continue to be relatively tight, as we seek to consolidate our foreign reserves position, particularly as we continue the process of trade liberalization.

In addition, the demand management policies which have helped to keep inflation in check during the past two years will be maintained in 1993.

We shall also, Mr. President, continue to deepen the financial intermediation process. In this regard, legislation dealing with the revision of the Central Bank Act, the Insurance Act, the Financial Institutions Act, the Securities Industry Act and the new Companies Act would be brought to Parliament.

Particular attention will be paid to enhancing the regulatory framework of the financial sector and the surveillance capabilities of the monetary authorities. For example, powers of the office of the Inspector of Banks would be strengthened. In addition, a securities exchange commission will be established as an independent body to oversee the operations of the local capital market to create a significant increase in public confidence in the market.

Mr. President, the *Medium Term Policy Framework* emphasizes the urgent necessity for the transformation of the economy from its present, inward-looking orientation, to a more internationally competitive export-oriented focus. In this regard, the liberalization of the trade regime is crucial, as is the revised common external tariff, the CET approved by the recently concluded special meeting of the Conference of Heads of Government of Caricom. This measure would be implemented from January 1, 1993, and would include rates ranging from 5 per cent on raw material inputs to 35 per cent on finished goods. Special treatment

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would be given to agricultural products and agricultural inputs which would carry rates of 40 per cent and 0 per cent, respectively.

There are also certain items of special revenue concern on which the CET rates will be suspended and higher rates applied. It is expected that the CET would be reduced progressively to a range of 5 per cent on raw materials and 20 per cent on finished goods by January 1, 1998.

The regime of stamp duty and surcharges which replaced the negative list as a means of protection will be removed progressively by the end of 1994. In 1993, those goods which now attract surcharges of 55 and 50 per cent will attract a surcharge of 25 per cent. Surcharges of 35 and 45 per cent would be reduced to 15 per cent, and the surcharges of 25, 20 and 15 per cent will be reduced to 10 per cent. In order to minimize revenue losses, no changes will occur in respect of stamp duty in 1993.

While the inputs into manufacture for the domestic market will be subject to the 5 per cent duty, manufacturers will enjoy a system of duty rebates on imported raw materials used in the products which they export. This measure would remove the anti-export bias implied by the present tariff structure. Government is very conscious that the trade liberalization process must be supported by measures which will achieve the following aims:

- (1) the transition of the domestic manufacturing sector to international competitiveness;
- (2) the provision of adequate protection for both manufacturers and consumers in the domestic economy; and
- (3) the protection of Government's revenue base. In 1993, Mr. President, we intend to vigorously pursue certain measures which we have initiated for the achievement of these objectives. These include the implementation of the Anti-dumping and Unfair Trade Practices Act, the disbursement of the business expansion and industrial restructuring loan and the establishment of the revenue protection agency among other measures. The trade reform and liberalization process will assist in creating an environment that is more open and conducive to the promotion of investment.

In order to enhance the investment environment, the Foreign Investment Act will be revised substantially early in 1993 to remove many of the anomalies and impediments to investment which still remain. We have established the Business

Advisory Board, which will bring together under one umbrella, the Export Development Corporation, the Industrial Development Corporation, the Tourism Development Authority, and the Free Zones Company.

It is expected that this initiative will serve to streamline and co-ordinate the activities of these agencies.

Further, Government's investment policy will be clarified, properly promoted and disseminated and the one-stop shop arrangement will be reorganized to make it more effective.

We intend to actively promote Trinidad and Tobago as an attractive investment area and the financial centre of the Caribbean. We intend to invite investment missions from the United States, Europe, the Far East and Latin America and to provide increased opportunities for our local businessmen to enter into joint-venture arrangements. There will be greater use of our diplomatic representation in foreign capitals in the process of investment promotion and the gathering and dissemination of market intelligence.

Mr. President, our policy in the energy sector will continue to emphasize the need for rationalization of the state-owned enterprises in that sector and to provide an appropriate set of incentives to encourage further investment in exploration and production.

The changes to the petroleum tax regime, which were enacted recently, have already begun to impact favourably on activities in the energy sector. The recent agreement with the Enron Oil and Gas Company for the development of the South-east Coast Consortium is also a major breakthrough in our thrust to develop and exploit our natural gas resources.

During 1993 and beyond, greater emphasis will be placed on the domestic use of our natural gas resources, both as a manufacturing input and as a fluid. We will continue to promote the use of compressed natural gas as an efficient, cost effective and environmentally friendly fluid.

Of crucial importance is the Government's commitment to the effective reduction of the high unemployment rate. In order to achieve this aim, special emphasis will be placed on the tourism and construction sectors which have the potential for providing a substantial number of job opportunities. During 1993, activity in the construction sector is expected to gain momentum with the increase in the number of public sector projects, as well as the package of incentives we

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have proposed for this sector. Among the public sector projects are the construction of a new prison at Golden Grove, the development of the Piarco International Airport, hospitals and other health facilities, petrochemical plants and infrastructural development projects. Additional employment opportunities will also be provided through the increase in the amount of funds allocated to the LID Programme. Every effort will be made to increase the number of jobs which these resources may provide and to make the programme more productive.

Mr. President, we recognize that if our productive capability is to be explored fully, we cannot ignore the need to provide our young men and women with the skills necessary to access the job market. Arising out of the National Symposium on Employment and Job Creation, several committees were appointed to address the issues of training, including a national apprenticeship scheme. The committee which addressed this issue has since submitted a number of recommendations on which Government intends to take action.

In this regard, a National Apprenticeship Authority will be established. Moreover, the budgetary allocation for the apprenticeship programmes have been increased from \$3 million in 1992 to \$30 million in 1993. It is anticipated that beneficiaries of this programme will number some 10,000 young persons.

The Government also proposes to introduce a civilian conservation corps. The corps will be under the supervision of the Defence Force and will be designed to undertake a programme of reforestation. This programme will not only enhance our environment and improve our water resource management capabilities, but will serve as a vehicle for transmitting valuable skills to young people. A sum of \$15 million has been allocated for this purpose.

Early in my presentation, Mr. President, I intimated that one of the challenges facing the Government was to manage expansion of the economy in order to avoid depletion of the foreign reserves. In designing the fiscal measures for 1993 and the policies which informed those measures, we particularly targeted the construction sector and the export manufacturing sector. We believe that given the right set of incentives and stimuli, the construction sector could be re-activated. The productive capacity is already in place and the import content in construction is relatively low. We have already made reference to its employment generating capabilities. In addition, as I will point out later, specific fiscal measures have been tailored to assist local manufacturers in the business of exports.

Revenue measures: Mr. President, I now turn to the specific measures for 1993. The fiscal measures which were proposed to implement in 1993 are classified into four broad categories. The first is revenue raising measures through direct and indirect taxation. Secondly are revenue raising measures through enhanced tax administration. Thirdly, measures to stimulate economic activity and to afford relief to various categories of taxpayers. Lastly, Mr. President, a number of miscellaneous measures.

We recognize that we must raise the required revenue in order to provide the necessary public services. We are committed to the fiscal discipline of keeping our expenditures within our financial needs. But in raising revenues in 1993, we have sought to spread the burden as equitably as possible and minimize the impact on the cost of living.

The following taxes on income are to be implemented. With respect to corporations, including sole traders, a business levy of 0.25 per cent will be imposed on gross sales or receipts for each year of income. Where the corporate tax liability exceeds the business levy, a tax credit equivalent to the business levy will be allowed against the corporate tax liability. In those cases where the corporate tax liability is equal to or less than the business levy, a credit equivalent to the corporate tax liability will be allowed. The business levy will be payable on a quarterly basis.

Mr. President, this measure is intended to bring within the tax net those companies which consistently do not declare profit and so remain outside the tax net, while benefiting from Government expenditure and social and economic infrastructure. We wish to ensure that every business enterprise makes its contribution towards public expenditure. It should be noted that companies that pay their taxes will not be penalized.

Taxes on individuals: With respect to taxes on individuals, the following adjustments have been proposed. We will extend by three years the time in which the new assessment roll for land and business taxes will come into force. In the intervening period, we shall continue to reassess all existing properties on the assessment roll which was instituted in 1978. The existing rates of property tax will remain unchanged at this time.

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Secondly, this fiscal year 1993 will be the last year in which the home maintenance allowance of \$12,000 will be allowed. Alternative proposals will be introduced in due course.

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Thirdly, we intend to limit the cost of motor vehicles which can be used in computing capital depreciation claims in the case of companies, self-employed persons and sole traders to a maximum of \$100,000.

Fourthly, we propose to adjust the stamp duty on transfers of residential properties in the following manner:

For every dollar or value of the consideration for sale of the first \$300,000—zero;

For every dollar or value of the consideration for sale of the next \$100,000—5 per cent;

For every dollar or value of the consideration for sale of the next \$100,000—7.5 per cent;

For every dollar or value of the consideration for sale thereafter—10 per cent.

With respect to stamp duty on the transfer of non-residential properties, we propose to adjust the rates as follows:

Where the amount or value of the consideration for sale does not exceed \$300,000—2 per cent;

Where the amount or value of the consideration for sale exceeds \$300,000 but does not exceed \$400,000—5 per cent;

Where the amount or value of the consideration for sale exceeds \$400,000—7 per cent.

Taxes on international trade: The Government of Trinidad and Tobago intends to implement the first phase of the revised common external tariff on January 1, 1993. This involves the reduction of tariff rates to a range of five per cent on raw material inputs to 35 per cent on competing final goods with rates of 40 per cent on agricultural products and zero per cent on agricultural inputs.

Goods of special revenue and manufacturing concern will carry rates other than the CET rates.

The First Schedule to the Customs Act will be amended to give effect to these new rates. Further, the schedule of the reduction of import surcharge and stamp duty has been tabled.

Mr. President, as of January 1, 1993 the airport departure tax will be increased from its current level of \$50 to \$75.

Revenue enhancement through improved administration: Firstly, in 1993 the VAT administration will be strengthened. The number of field officers in the VAT office will be doubled and the number of tax officers attached to that division will also be increased. This will enable the department to undertake the important functions of surveillance and compliance. Further, much more attention would be paid to auditing major sources of revenue.

Secondly, we have undertaken a scrutiny of the Customs and Excise Division and, in accordance with advice provided by the US Customs Service, we have begun to put in place measures to improve the efficiency in the Customs and Excise Division.

Thirdly, in the instance of property taxes, we will pursue vigorously the cases of those persons who owe substantial amounts of arrears to the central government.

I turn now to measures to stimulate economic activity and to afford relief to various categories of taxpayers. The Small Business Development Company will be exempt from the payment of corporation taxes on profits and interest earned on investments.

The limits of severance and retirement severance benefits which are exempt from income tax will be increased from the present level of \$80,000 to \$100,000. These benefits will be extended to persons who retire or whose employment is terminated on grounds of ill health.

The production and sale of steelband instruments will be zero-rated.

Mr. President, we intend to bring to this honourable Senate legislation to exempt from VAT imported inputs of highly capital intensive manufacturing operations where 80 per cent or more of their production is exported.

We propose to make payments for the waiver of premium provisions attached to an annuity, tax deductible for income tax purposes.

Efforts to stimulate construction activity and employment: We propose to exempt from personal and corporation taxes all rental income that may accrue from residential, industrial and commercial properties, the construction of which begins after January 1, 1993 and is completed by December 31, 1994.

In addition, gains or profits including capital gains derived from the initial sale of such newly constructed properties will also be exempt from tax.

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The construction cost of the residential unit must be in excess of \$250,000 exclusive of the cost or value of the land in order to qualify for this exemption. This benefit will extend up to the year 2000 and will accrue to the owner of the property whether such owner is the original builder or a purchaser. Eligibility for this exemption will require the prior approval of the relevant authority.

Interest paid on bridging finance will be allowed as a tax deduction subject to the limitation that the sum of the interest on bridging finance and mortgage interest payments does not exceed \$24,000 in any given year.

Venture Capital Fund: Mr. President, one of the major constraints to the development of the export manufacturing sector identified by recent investment studies is the non-availability of financing on suitable terms and conditions. Commercial banks which are the traditional suppliers of such credit are highly risk-averse and usually require collateral security which may be very difficult for the manufacturer to provide.

An ideal mechanism for filling this financing gap is the venture capital entity whose business is the provision of risk capital whether in the form of loan or equity. However, given the relatively greater risk involved, there is therefore the commensurate need for an appropriate set of incentives to investors to establish and finance such companies. We believe that the successful operation of venture capital funds will provide that important breakthrough in financing which will enable our local entrepreneurs to penetrate and establish themselves in export markets.

It is proposed therefore that the business expansion scheme be restructured and expanded to allow corporate and individual investors tax benefits on their investments in venture capital companies.

Additionally, profits of the venture capital companies and dividends in the hands of the investors would be exempt from taxes. To qualify for these benefits the venture capital fund must invest primarily in export-oriented enterprises. Details of guidelines for operations of these companies and mechanisms and criteria for monitoring these operations would be made available in due course.

Miscellaneous measures, Mr. President: The price of LPG will be increased from the current price of 58.65 cents per pound to 65.5 cents per pound with the new retail price being \$1.00 per pound. We also propose to increase the wholesale price of domestic gasoline from 94.8 cents per litre to \$1.72 per litre. In addition, the prices of diesel fuel, marine diesel fuel and kerosene will also be adjusted with a view to reducing the level of subsidies on these commodities.

We also propose to raise administrative fees and user charges on a wide range of transactions. The full list of these transactions has been published in the Provisional Collection of Taxes Order.

As you have seen, Mr. President, the country is poised to move resolutely into a period of real growth. In another place, I used the analogy of the caterpillar and the butterfly. These are not empty words. They cannot be when we take account of our human resource base and our natural resources, for this land is strong.

Our vision of tomorrow is one in which all the social partners—business, labour and non-governmental organizations alike—put a common shoulder to the wheel. This Government lays before the people of Trinidad and Tobago the challenge of purposeful activity as we forge new paths to a place in the world of people and affairs with confidence and certainty.

Mr. President, it was for me an honour to make this presentation in this Senate at this time.

I thank you.

Question proposed.

10.50 a.m.

Sen. Wade Mark: Mr. President, let me first welcome the Government's junior Minister of Finance to this Senate, once again; since his senior Minister of Finance has been summoned by the international watchdogs, located in Washington, to proffer further instructions to this spineless and yard-fowl administration. This is both a reflection of who is in charge and the virtual contempt of the Government, to this Parliament and, in particular, this Senate.

Mr. President, responsible government is all about accountability, trustworthiness, and responsiveness. In my presentation, this morning, I will attempt to satisfy two major objectives. Firstly, to critically analyze the budget in an attempt to unmask the varied levels of deception, housed within that document. Secondly, it is my purpose to review the time frame of the present PNM's occupation of government office. With this in mind, it is incumbent upon me to examine, as closely as possible, the presence or absence, of that responsible relationship which should characterize the link between the governed and governing. We must evaluate whether or not this Government adheres to the fundamental tenets of a responsible government.

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Mr. President, the worst thing we could do is to lose the confidence we should have in ourselves; the confidence that we can deal with the problems and come out on top. When a nation loses the confidence to take charge of its destiny, its citizens perish. I believe that, perhaps, the worst thing that has happened to us, during this period of structural adjustment is the loss of confidence in ourselves. Even the Prime Minister was forced to refer to this reality at a graduation ceremony at the University of the West Indies last Saturday.

We depart with the Minister of Finance's contention that the economy has moved from a passage of stabilization to one of growth. Nothing could be further from the truth. Both trend and sectoral analysis would show otherwise. The theme of the 1993 budget is dangerously misleading, because, for an economy to be described as stabilized, certain fundamentals must exist with respect to its key macro economic variables. Such as:

- (i) level of foreign exchange reserves;
- (ii) the overall balance of payments situation;
- (iii) the state of the nation's fiscal accounts;
- (iv) the foreign debt;
- (v) the behaviour of savings and investments;
- (vi) employment creation or generation; and
- (vii) inflation and consumer prices.

The economy is in a state of akimbo, or tailspin if you will. Even the Minister of Finance supports the view that the economy has not yet stabilized, and this is effected on page 10 of the budget speech. I quote:

"The economic decline continued into 1992, with economic activity falling by 1.0 per cent in the first half of 1992 relative to the first half of 1991. Preliminary forecasts suggest that for 1992 as a whole, the economy is likely to show minimal growth of approximately 0.2 per cent."

Which is equivalent to negative growth, and we anticipate that, from our information, there will be a negative growth in 1992. Where is the passage from stabilization to growth to be found?

Mr. President, a trend analysis of the various macro economic indicators reveal the following facts:

Foreign exchange reserves: Based on Central Bank's statistics, as reflected in the October issue of the *Central Bank Monthly Statistical Digest*, the picture with respect to the foreign exchange reserves is an unhealthy one. Table II, in that report, manifest the violent fluctuations of the nation's foreign exchange reserves for the period January to September, 1992.

Balance of payments: The country's balance of payments worsened considerably in the period January to June, 1992. It stood at minus \$524.8 million, compared with January to June, 1991, when it stood at minus \$309.2 million, according to the *Review of the Economy* at Appendix 26.

Government's fiscal operations: The Government's fiscal operations have been in prolonged deficit, as reflected in appendix 13 of the *Review of the Economy*. The Minister of Finance seeks to create a surplus in 1993. That is a mere hope.

Foreign debt: The debt overhang continues to strangle the population. We paid over US \$600 million in 1992. The foreign debt represents approximately 24.9 per cent of the country's GDP, whilst the domestic debt rose to 22.5 per cent of GDP. Debt service reached approximately US \$650 million. The picture is extremely worrying and holds grave implications for the population.

Mr. President, for every dollar earned, the country has to spend approximately \$0.30 towards the repayment of the foreign debt. Yet, the Minister continues to borrow as if money was going out of style. I would elaborate further on the debt overhang later on in my presentation.

Savings and investments: Savings and Investments levels have not been encouraging. This is reflected on page 5 of the *Medium Term Policy Framework 1993—1995*. National Saving/GDP stood at 12.9 per cent in 1991, 9.9 per cent in 1992 and is projected to rise to 15.3 per cent by 1995. Our very own Deputy Governor of the Central Bank stated recently that savings should be at least 25 per cent. Investment on the other hand, according to World Bank sources, should be minimally placed at 15 per cent for continued growth and economic transformation.

Employment generations: Employment levels continue to deteriorate. On the Minister's own declaration, unemployment rose to 20.2 per cent in 1992. However, unofficially, unemployment is estimated to be hovering around 25 per

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cent—not to mention under-employment. Even more frightening, is the level of unemployment that presently exists among our youths and women.

Inflation: The rate of inflation increased from 3.8 per cent in 1992 to 5.9 per cent at the end of September, 1992, according to the *Review of the Economy* on page 16.

Mr. President, where is this mythical movement from stabilization to growth? This is not even apparent, worse yet, to be real. Is it in a disco? Maybe the Minister believes in discos and is engaged in wild images of illusions. Or, is it hidden beneath an anthurium? However, he is in Washington now.

Let us make a sectoral analysis. A sectoral analysis of the economy also revealed that at the end of June, 1992, both the petroleum and non-petroleum sectors registered declines. In the petroleum sector there was a 2.1 per cent fall in petroleum while decline was reflected in almost all subsectors of the non-petroleum sectors of the economy, according to the June 1992 Quarterly Economic Bulletin of the Central Bank. For instance, manufacturing fell by 10.1 per cent, distribution fell by 5 per cent and construction fell by 0.3 per cent, among others.

We boldly and openly accuse the Minister of Finance of shamelessly and deceptively misleading the country by his false theme of the passage from stabilization to growth. This is anything but trustworthiness in a government.

Mr. President, export led growth seems to be the new path, or journey, being chartered for this country by the international financial lending agencies, merely to ensure that this country repays its foreign debt. Yet the international economic climate does not appear promising, given the Minister's own grim forecast on page 4 of his budget speech. Where are our own exports to go, especially in light of the emergence of mega trading blocs and other special trading arrangements like GATT which combined, hold grave implications for our exports? We cannot remain forever dependent on the vagaries of the international economy. We need to take charge of our own destiny and chart our own future.

It is in this context that we need to formulate a new development strategy which would place employment creation at centre stage and not as a footnote. We need a general theory of employment and not the wholesale adoption of discredited trickle-down theory of economic development which the unimaginative, uncreative and intellectually bankrupt PNM regime is seeking to impose on our country.

A new development strategy is urgently needed. This strategy requires consultation and co-operation among the various social sectors for its success. Instead, the country has been saddled with a *Medium Term Policy Framework* which has been foisted on the nation without any dialogue, consultation or discussion with the major social sectors. This policy framework contains economic measures which threaten to destabilize and undermine the very social and economic fabric of our nation. This is dictatorship PNM style. We now serve notice that there will be no co-operation in this country without meaningful consultation. We therefore, reject this *Medium Term Policy Framework* completely, and call on the nation to do likewise. The 1993 budget is based largely on the *Medium Term Policy Framework* that is yet to be discussed publicly in this country.

Mr. President, a titanic struggle of epic proportion has begun in our country. It centres around leadership of our national economy. Who leads? The private sector or the public sector? Is it according to the classical economists, "let the invisible hand decide who gets what, when and how?" That approach is a prescription for disaster, chaos and disintegration and it will transform our politics into a battle arena for the mighty and the ruthless. Where will we be placed? Or should it preferably be a situation where the Government intervenes and ensures a certain degree of sanity in our society?

Mr. President, the PNM regime seems to be bent on a confrontation course with the vast majority of our citizenry. The new PNM's ideological position as manifested in its *Medium Term Policy Framework* seems committed to the wholesale privatization of our country; to sell out the nation's most precious assets to their friends, both here and abroad. Government's unequivocal acceptance of the policy of trade liberalization has placed them on a confrontation course, not only with business community, but also with the labour movement. Trinidad and Tobago is being transformed into an industrial battleground, under the PNM. We are at economic war with the Government and international lending agencies.

A policy of trade liberalization has been imposed on this country in spite of the large body of evidence which points to growing protectionism among and between nations, and the formation of mega trading blocs such as NAFTA and the European countries. Absolutely no social and/or economic impact analyses or studies have been conducted to assess the costs and benefits of this new policy direction. Our analyses have however revealed that many dangers face Trinidad and Tobago. A number of labour intensive firms, employing thousands of workers

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and tens of thousands of families, directly and indirectly, are likely to be affected as a result of this trade liberalization policy.

Free trade can work once there is a level playing field, which does not exist in Trinidad and Tobago. The Government has so far failed to establish mechanisms to safeguard and promote the interest of our nation. The Government has decisively failed in:

- (i) upgrading the Bureau of Standards;
- (ii) upgrading the Food and Drug Division;
- (iii) Re-organizing and computerizing the operations of the Customs and Excise Department;
- (iv) establishing a Revenue Protection Agency;

They are now trying to do that. Horse gone, they are now bolting the stable.

- (v) enacting genuine unfair trade practices legislation.

We on this side are conscious of piecemeal efforts being adhocly undertaken with respect to citations (iii) and (v). This new policy framework will lead to greater disparities in the distribution of income, wealth, property and will serve to undermine and even further impoverish the disposed segments of the society. The Government has failed to address the distribution question either in its 1993 budget or in its *Medium Term Policy Framework, 1993—1995*. With trickle-down economics in high gear who cares about equity in the distribution of income, property and wealth? Certainly not Sen. Lenny Saith?

Mr. President, the entire policy of the PNM Government is based on trickle-down economics, where the Government is beginning to relinquish its responsibility as prime mover in the economy, and in a wholesale fashion, transferring it to the private sector that has no history of responsibility in this country. Its new role is one of mere facilitator—there is a new word in Jamaica 'enabler'—and regulator of the economic system. Without a doubt, this is a watchdog administration. The Government is on an observatory post. That is what it is today. The critical question that must be addressed is: Can the private sector assume such a leadership role? What has been the history and track record of the private sector?

11.10 a.m.

The United National Congress, Mr. President, is not against the private sector or even big business *per se*. We are unhappy with the uninformed approach that the Government is currently adopting in this grave matter.

Mr. President just in last Sunday's *Express* Selwyn Ryan wrote an article in which he referred to a gentleman called Mr. Bruce Golding, Chairman of the JLP party, who was very critical of the new role and definition that the PNP is giving to the state. Same thing—enabler and facilitator. He attacked the private sector and that is the JLP?

Mr. President, over the last 20 years the record would show that, while public sector employment doubled, private sector employment remained stable and declined in some instances. The United National Congress is irrevocably committed to a mixed economy in which the state will play a critical role in the development and transformation process. Page 39 of the Minister of Finance's budget speech states:

"Honourable Members would no doubt note that there is an increase in the budgetary provision for current transfers and subsidies while there has been a significant reduction in the transfers to state enterprises, utilities and statutory bodies."

These massive reductions as manifested in the allocation of estimates to the Ministry of Public Utilities from a total recurrent of \$239.6 million to \$150 million—a difference of close to \$90 million, as well as a reduction in allocation to the Ministry of Trade, Industry and Tourism from a total recurrent of \$53 million to \$46 million, a difference of \$7 million, will adversely affect living standards, employment levels, price levels and undermine the social fabric of our society.

Mr. President, what explains these huge chops in allocations to the following utilities and statutory bodies: WASA—1992, \$51 million; 1993, \$15 million—a decrease of \$36 million. The Public Transport Service Corporation—this wicked and so-called caring Government—in 1992 it required \$145 million, they got \$111 million. In 1993 this so-called caring Government reduced the allocation to \$50 million, a decrease of \$61 million. No buses, or they are going to retrench thousands of workers. The Port Authority—\$40 million in 1992; \$20 million in 1993, a decrease of \$20 million. Local government, \$407 million in 1992; \$364 million in 1993, a reduction of \$43 million.

Mr. Valley: Mr. President, simply to correct the Member, the appropriation to local government is \$383 million.

Sen. W. Mark: There is still a reduction, Sir. That is the point I am making. Could the hon. junior Minister of Finance, since he is here, explain to the WASA

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workers, the Public Transport Service Corporation workers, the Port Authority workers, local government and daily rated employees, what are the implications of these reductions. You must explain that. Would it mean, Mr. President, more retrenchment, or increased rates for these utilities, or both? Or would it be a contracting out of the services currently performed by local government? What would be the consequence and impact on the overall cost of living? Would these developments, Mr. President, lead to a further contraction of the economy when they are talking about growth and expansion? Would it not reduce the level of private consumption in the economy? When you retrench tens of thousands of workers in 1993, is there not going to be a contraction?

These reductions in allocations, Mr. President, to state enterprises, public utilities and statutory bodies would severely impact on the financial integrity and stability of the trade union movement, since their dues would be gravely affected. It would adversely and negatively impact on the credit union industry, since major shareholders are workers as well. These reductions constitute a virtual dagger aimed directly at the heart of the trade union movement, particularly when account is taken of the fact that no allocation, or even mention, was made by the Minister of Finance in respect of the \$3 billion arrears owed to public sector employees in Trinidad and Tobago. A shameless display of negligence, or is it arrogance?

The real intention of the structural adjustment programme is to emasculate the trade union movement, in order to achieve some misguided concept of economic stability favourable to foreign investors. Mr. President, I say here and now that the Government's economic policy is creating a climate for social revolution in Trinidad and Tobago.

I now turn to the energy sector. There is absolutely no energy policy guiding this vital and virtual lifeblood sector of this nation. The Minister has expressed excessive optimism on the energy sector "to lead the country into renewed growth" as outlined on page 27 of the budget speech. Mr. President, the energy sector has been abused and grossly mismanaged over the last 10 years; and instead of formulating an energy policy and have it debated, the PNM Government continues to function in an *ad hoc*, disjointed and unco-ordinated fashion in its approach to energy matters. Our energy sector continues to be ripped off by merciless foreign companies with the willing connivance of this so-called caring Government.

Mr. President, in the debate on the Petroleum Taxes Bills I charged then that one of the bills, namely, the Income Tax in Aid of Industry Bill, was designed to legitimize and perpetuate a fraud which commenced earlier with the NAR Government, involving Conoco, a subsidiary of Dupond. I was accused of being irresponsible, inaccurate and spurious in my charges. The Bill, I was informed, had nothing to do with Conoco—*Hansard* would reveal—only to be informed, one hour later in the same debate, by the Minister of Finance that the Bill was about Conoco. If there was ever an attempt to blatantly mislead the Senate, it was then. Yet no apologies, no regrets, no sorrow from the Minister of Planning and Development. This recent development paints a picture and tells a story about this corrupt administration.

Mr. President, the recent increase in the price of LPG on the flimsy pretext that existing margins for LPG operators were less than adequate to help cover their cost of production, is mere hogwash; and another attempt at hoodwinking the population. The World Bank's dream of sending us back to pitch-oil seems to have begun to materialize under this so-called PNM Government.

The issue of the development of heavy oil reserves has again surfaced. On page 29 of the Minister of Finance's budget speech he speaks about "significant incentives...of heavy oil reserves." Mr. President, heavy oil and cheap gas supply go together. You require steam to lift the heavy oil. Where is this cheap gas to come from?

11.20 a.m.

A noted petroleum economist, Hamel Legall, referred to this issue since 1987 in a letter to the former Energy Minister who, like his colleagues now, was then boasting about the same heavy oil development project. Are we to obtain this cheap gas from the recent Enron deal? The NAR Government virtually mismanaged and wrecked our energy sector. The PNM is now burying it. The Enron deal is a sell out of our nation's independence. The SECC which was prided as the flagship of our independence has been given away to Enron, a company which is still involved in a high court matter in Trinidad and Tobago. That was a company which was involved in litigation proceedings in 1987 and is still involved. It is not a new company. It is a corrupt company. The main battleship, the Pelican field was blown up and is now currently limping along with some 2,000 barrels of condensate today. Our three cruisers, the Keskeedee, Ibis and the Oilbird were sold under questionable and suspicious conditions to Enron. Studies

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by both the Ministry of Energy and the UWI revealed the uneconomic nature of the Keskidee field.

Mr. President, Mr. V. Ramlal, acting then in 1986 as a senior petroleum engineer, in a paper dated November 26, 1987 entitled "A Report on the Development of East Coast Gas fields"—which I can make available to the Minister of Energy—revealed both the Oilbird and the Keskidee among others, were not profitable fields to develop. The cost was just too high. The position recently supported by a study conducted by Mr. McDonald Sookoo also indicated that the project is marginal. It will cost roughly about US \$450 to extract 1,000 cubic feet of gas. That is a study of the University of the West Indies done by Mr. Sookoo. I will make the report available to you.

The infamous 20-year natural gas contract was not even mentioned in the Minister's budget speech. The failure of the Government to make this contract public will always leave this Government under grave suspicion as to whether Mr. Patrick Manning, the then Opposition Leader or the then Leader in exile, and the PNM had known about this deal prior to the 1991 general elections. At a royalty rate of TT 1 1/2 cent for every 1,000 cubic feet of gas sold to the National Gas Company, AMOCO would realize some \$US 4 billion while Trinidad and Tobago would enjoy less than \$60 million over the life of this 20-year contract. And they are telling the country they do not have money. The Government gives away our natural gas to a foreign company taking a cent and a half while the company is, going away with US \$4 billion after 20 years and we will only receive \$60 million. It is joking. We reiterate our call for an immediate public enquiry into this sell-out and infamous contract.

As a result of two delineation wells drilled by AMOCO in its South East Galeota Fields, SEG 11 and SEG 12, costing some TT \$50.7 million proven gas arising out of the same investment, increased. So AMOCO has increased its natural gas reserves by close to a trillion cubic feet of gas with an investment of \$50 million which would value, at the end of the day, some US \$1 billion. These were the same wells drilled by AMOCO to facilitate shipment of our natural gas to Puerto Rico. It is these gas reserves which have now been diverted to satisfy the 20-year natural gas contract. I want to make it abundantly clear that we have absolutely nothing against a company like AMOCO; once you make a fair return on your investment we have no problem. We have a problem with rip-off and a problem with connivance. That is what we have a problem with.

I turn to the dangers of trade liberalization. This is a topical issue and it will remain so for some time to come. Trade liberalization will be disastrous for both business and labour. The removal of the negative list and duty exemptions can have serious implications for business, labour and the national economy. In the instance of the national economy there would be some business closures and the loss of thousands of jobs. Further, there would be some relocation of business concerns to other Caricom countries and concomitant loss of employment. There is a danger that many manufacturers may convert their operations to trading which will have consequences for the nation's balance of payments. At the level of the firm the following results could be anticipated:

1. Increased cost of production arising from the duties and charges to be applied to imports.
2. Increased investment cost arising from those duties to be paid on capital.
3. Increased overhead cost which would be translated into higher financial cost particularly interest on overdraft.

On the basis of some preliminary studies a number of industries could be affected directly from trade liberalization. These are firms in the beverage area of operation, cosmetic and household chemical enterprises, textile manufacturers, producers of rubber products, producers of footwear, tobacco, apparel, fruit processing and also sugar processing. These industries are all labour intensive and as such, employment will be seriously affected. While we in the Caribbean are being called upon to liberalize, the United States of America, Europe and the rest of the world are busy forming themselves into huge trading blocs.

We need to understand that liberalization is a philosophy. However, for it to succeed it needs unity, which we do not have in this country. The Government, the IMF and the international agencies are on one side of the fence and they are beating and "licking up" the entire nation on the other side. Before a country can liberalize, analysis working through all possible effects should be conducted. It is expected that some protection will be given to certain industries where necessary, in the beginning of any trade reform exercise.

I turn to financial liberalization of our economy

The Minister of Finance spoke about deepening the process of financial intermediation on page 27. In this regard and in conformity with the Government's *Medium Term Policy Framework*, several pieces of legislation, including an

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Insurance Act, a new Companies Act, a revised Central Bank Act and a Financial Institutions Act are to be brought to Parliament shortly. What the Government is signalling by these revisions is a clear commitment to the deregulation of our financial systems.

Financial liberalization refers to a substantial reduction of Government's intervention in setting interest rates and allocation of credit either by removing entirely the interventionist regime or by gradually phasing it out. If you look at their *Medium Term Policy Framework* the Government has given us all the signals as to where it is heading. This is a mad Government.

The Government has alluded to this path in its *Medium Term Policy Framework*. Further, the Government seems bent on pursuing, at any course, its dream of making Trinidad and Tobago the financial and business centre of the Caribbean and the gateway to Latin America. We are saying you must do that on the basis of economic strength and not in response to weakness. The potential impact of financial liberalization on employment availability and use of foreign exchange, the ability to service our national debt, capital flows both internal and external, ease of entry and access to local market, the performance of the manufacturing sector must all be carefully and clinically assessed and evaluated.

11.30 a.m.

The introduction of financial liberalization in economies experiencing grave macro-economic instability has resulted in a virtual financial crash. Chile, Uruguay and Argentina are examples of that crazy approach to financial liberalization. We warned that financial liberalization should be introduced on the basis—if it is to be introduced—of economic strength and not in response to weakness. A word to the junior Minister of Finance is enough.

I now turn to the debt crisis. It is the Government's total mismanagement of the energy sector that is leading our country into what I would like to describe as a permanent debt trap. The Government has embarked on a policy of selling out most of our precious assets in order to service its foreign debt, and as it has said in its PSIP, to help in its capital stock transformation. While the Government is seeking to do these things its voracious appetite continues to expand uninterruptedly.

The Public Sector Investment Programme which the Government intends to pursue between 1993—94 is going to amount to over TT \$4 billion. It is stated in that report that close to \$2 billion of that \$4 billion is to come from the Inter-

American Development Bank and the World Bank between 1993—1995; disbursement to begin in 1993, continuing in 1994 and 1995.

The Government recently obtained a loan on the Eurobond market amounting to approximately US \$1 million. No details of the loan agreement, legally speaking, have so far been made available to this Parliament. Recently, in the Senate, the Government amended a motion on the foreign debt, giving us the commitment that within 28 days of signing any international financial agreement on behalf of this country, a document would be tabled in this Parliament. Junior Minister of Finance, we anxiously await your tabling of that report, for that agreement.

Mr. Valley: Mr. President, I just want to inform the hon. Member that under the appropriate legislation, that has to happen within 21 days. The loan proceeds were received on November 20, therefore it must be laid. That is the law.

Sen. W. Mark: We look forward to seeing it. So many things are laws here, and you just violate them.

There is about US \$600 million awaiting the Minister of Finance at the IADB. That is apart from that huge amount that the Government is borrowing between 1993 and 1995. I understand the Government has already drawn down over US \$300 million of that US \$600 million loan. There is a clear intention on the part of this Government to access more international credit. This Government seems committed to taking our country to its political death. The rate at which it is borrowing internationally, it seems to us that it is committed to killing this country. It is either we get rid of the PNM or the PNM will rid us of our country.

Our debt repayment for the years 1993 and 1994, as I understand from the Prime Minister speaking on the radio this morning, will be about US \$615 million and close to US \$600 million respectively. In 1993 and 1994, we will have to find about US \$1,300 million or US \$1,400 million to service our foreign debt. The Prime Minister and Minister of Finance continues to say, we must pay our foreign debt.

This budget is more concerned with the lenders' security, than with the specific needs of our people and our country. Job creation has not been given any pride of place in the Government's 1993 budget. Government's thinking is simply wrong headed. The Minister of Finance has the temerity and boldfacedness to tell the nation, that our system of accountability is intact. What accountability? Has the Minister's faculty of reasoning taken flight? Is it temporary, or is it permanent?

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Where is the accountability in respect of the sell out of our nation's most profitable enterprises? The Government has served notice that it is going to sell Fertrin, Urea and Methanol. It does not come to Parliament, we read it in the newspapers. Is that accountability? That is fraud. What is the accountability in respect of the ENRON deal? We have not seen any in the newspapers. ENRON came just so, out of the sky. Do not talk about Pegasus, that airport scandal. Many heads will roll at the appropriate time.

Where is the accountability? I am sorry that the Minister of Public Utilities is not here. There is widespread corruption at the highest level. I have two files full of instances of corruption at the highest levels of both WASA and TTEC. The Minister has them because I was going to send those files to him, and I was told that the first thing that the Minister got when he came into power was those files. He has not acted on those files. I warned him that at the appropriate time, if he does not act, it would be made public. He is a friend of mine; I like him and I know that they are using him. They want to kill him.

No one has been held accountable or even jailed at TTEC. In fact, at TTEC people are being promoted for corruption. They are bleeding this enterprise and yet, we have to pay higher electricity rates. There is no doubt that corruption is once again on the rise in Trinidad and Tobago. The PNM was corrupt before, and it is corrupt now.

We need to get the details of the sell out agreement of Farrell House to warn Mr. Robert Lake and Boyce and friends of the PNM. We understand that his bid was the lowest, but yet he got the nod. We also understand that no downpayment was made, yet Farrell House has been virtually handed over to them. For what? About \$8.1 million. We read that the Government would be responsible for all liabilities. What kind of sell out is this? We reiterate our call for genuine accountability, and not the sham and farce that now currently constitute public accountability.

We need to establish a Joint Select Committee of Parliament to police and watchdog the implementation of the Government's budget, on a daily basis. The 1993 budget has done precious little to empower our citizens. If anything, it has fortified our country's deepening dependence and subordination to the whims and fancies of these international watchdogs, to which our hon. Prime Minister referred when speaking to the University of the West Indies graduates. He said, "International watchdogs have compelled this Government of the PNM to balance

its 1993 budget. These international watchdogs are telling the PNM, where to spend; how to spend; who to retrench and what to close down." This is a Government that says it cares, but it is a spineless and weak government.

11.40 a.m.

Mr. President, every dog has its day. The PNM is having its day. Our present leadership remains bankrupt, uncreative and unimaginative. New thinking is desperately needed in this country, not borrowed, discredited and failed thinking. Even John Galbraith, a famous American economist, the guru of economics in America, has told the entire world that monetarism and socialism has failed and what we need to do is focus on a mixed economy. This Government is abdicating its responsibility to this nation.

Mr. President: I do not want to interrupt you, but I think that it is only fair to let you know that you have already used up your first 45 minutes.

Sen. W. Mark: I will not go beyond my time, Sir.

This Government must learn that even under a structural adjustment programme, there is a limit to the pressure people can and will take. The primary objective of the present structural adjustment programme is to put our country in a position to pay its international debt. The citizens are called upon to work harder and harder to produce more and make greater sacrifices, not to create more jobs in our country nor to generate more employment for our people, but merely to pay off our massive foreign debt.

We need to pull ourselves up by our bootstraps, but this requires greater honesty and clarity from the political directorate. They must level with the people. Tell the people what is taking place in the country. Lead by example. I told someone if he wanted to see the most modern foreign assembled cars in the country, he should go to the Parliament building on a Friday.

Mr. President, we on this side of the House, make a case for improvements in our national savings. We need to save more. We need to save, as it has been estimated, at least 25 cents in each dollar. We are saying that it cannot be done. We need to save if we are to grow and transform our economy, and get off this dependency syndrome. But reform of the financial system is needed. The financial system in our country is blocking the constructive intervention of our population in the transformation process. We need to transform the financial system, particularly the commercial banks, in this country. They are not geared towards

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the national development of our economy; they are geared towards the metropolitan countries and economies.

If you look at Mr. Bruce Golden's statement, he speaks about genetic links within the financial system that are in fact crowding out new entrepreneurs in Jamaica. Our destination is based on choices. We can either choose a path that can lead to independent and genuine development through our own exertions and efforts and in the process, rescue our economy from the claws of Babylon, or we can throw up our hands and surrender to the international forces of underdevelopment and backwardness and become, as it were, their modern gate-keepers and watchdogs.

For the United National Congress, Mr. President, the choice is clear. We have chosen the path of independence and genuine people's development and participation. This is a budget of the 3Ds—deceit, deception and dishonesty. We talk about deceit. I received, only yesterday at 4.00 p.m., the Provisional Collection of Taxes Order, and I did not have the time to go through that document meticulously. When I went through and saw a certain section on building taxes, I realized that there were sleepers in the budget—hidden costs—that the the Minister of Finance did not reveal to the population.

Do you know what has happened, Mr. President? Property taxes have been increased in Port of Spain to \$96 minimum per annum. It has increased in San Fernando to \$96 minimum per annum; it has increased in Arima to \$76 minimum per annum, and all over the country, outside of those three areas, it has now gone to \$48. Poor people who are paying \$2, \$0.96, \$7.50, \$7.90 and \$15.00, now have to pay \$48. The Government did not tell us that in the budget, but it is there. Over 150,000 property owners in this country are going to be affected by this sleeping tax that was introduced in this country. There are 12,000 property owners in Port-of-Spain, 4,000 of which pay \$25 and/or less, on an annual basis. This Government is now calling on them to pay \$96. Laventille will revolt.

This is a budget which further undermines the sovereignty of our nation and independence of our nation state. The PNM Government has been totally emasculated of its power, completely stripped and virtually deprived of its virility by the modern laws of poverty and deprivation. Whatever vigour was left it has gone. The old PNM had some virility. There is now complete impotence on their part. You look at its Members and you see the old guards. They are completely impotent. They paint a sorry picture.

In spite of its rhetoric and denials, this Government does not draft its own plans. Plans are being drafted by other people and implemented by a spineless, weak and disgraceful regime. As citizens of our beloved homeland, our role is clear, and that is, we must reclaim that lost power—snatch it, if you will, from the popes of modern imperialism. In restoring our right to self-determination, let us place the Manning administration where it truly and rightfully belongs, and that is, in the dustbin of our nation's history. Thank you very much.

Mr. President: We had intended to take the break at noon and resume at 1.30 p.m., but Sen. Mansoor will be up next, and instead of interrupting him, we will break now and resume at 1.20 p.m.

11.50 a.m.: *Sitting suspended.*

1.20 p.m.: *Sitting resumed.*

Sen. Michael Mansoor: Mr. President, the 1993 Budget, as all budgets, presents us with the opportunity to examine and debate in some close detail the fiscal and operational plans of the Government for the ensuing year.

Mr. President, budget debates in the past have tended to concentrate on the power of Government to raise revenue, rather than the power of Government to spend money. It seems to me that the power to raise money in many ways is less important than the power to spend money. Because of a fixation on what taxes will be raised on which commodities and what level of income and corporation taxes will be, in years gone by, this country, and perhaps previous Parliaments have not concentrated sufficiently on how well or badly Governments spend money.

It is a very important question, because the Government spends about one-third of the gross national product and, indeed, citizens of the country are not really interested in whether the budget is balanced or not, and whether there is a current account surplus or not. What citizens are concerned about is whether or not they receive an adequate level of service when they go to the health dispensing centres in the country, when they go to the police for protection, when they send their children to school and when they become infirm and unwell and they go to hospital. So it is worth our while to ask the question: What does this budget exercise do to promote value for the money spent by Government.

Mr. President, I was very hopeful a year ago that we would have seen tangible evidence of public service reform. To my great disappointment, what we have for

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review in this budget exercise is the same set of books containing much statistical data about moneys spent in previous years, estimates of last year, new estimates and estimates for another year. This statistical data tells us very little as to how well or badly the people of this country are being served.

Mr. President, that is very disquieting, because, in all the documentation that we have, nowhere—not even for one ministry—do we see a clear set of objectives, action plans or performance measures such that a minister of government or a permanent secretary or indeed a casual observer like a parliamentarian can use to determine whether or not we are fulfilling our pledge to the country to serve it well and to spend that tax dollar well.

Mr. President, this concern, which I have expressed before, takes on an even greater significance this year because the Minister of Finance, at page 3 of his budget presentation in the other place, seems to indicate that, in his view, the system of accountability is working well. Nothing could be further from the truth. The system of accountability and management in the public service is not working well.

Let me give you a few examples, Mr. President. We know that the accounts of Government are audited by the Auditor General and we can argue as to whether or not the Auditor General is financially independent of Government. But, what really happens to the reports of the Auditor General? I took the trouble, Mr. President, to look at the report on the accounts of the Government for 1991 and I extracted a few sections of the Auditor General's report, because if that is what accountability means, in practice, we are very sadly lacking in the basics and the fundamentals of control.

Let me take a random example: The Ministry of Justice and National Security—and the Minister is here—would have spent about \$500 million in 1991 and the Auditor General has reported that moneys have been spent under the appropriate heads, notwithstanding the fact that this is really of no significance to the man in the street and to most of us. The Auditor General's report for the Ministry of National Security is less than one page, the narrative, that is. The Auditor General reports that the applications for work permits were not properly filed. He comments that \$28,000 was stolen or apparently stolen, and that there were no vouchers for about \$1.9 million worth of expenditure. That is what the accountability report of this very important ministry is all about in the year 1991.

I ask the question: Is that what people are concerned about? Surely, it is not. What people are concerned about is the number of times the police have been able or unable to come to their help and rescue, and surely there were several times that they did. The people are concerned about whether or not the help is delivered and the circumstances in which it was not delivered. So the system of accountability really does not tell us about service. There is an entire profession that deals with this type of assessment.

In 1992, as we look at 1993, I see no evidence of public service reform in this presentation as to what will happen in the Ministry of National Security in 1993. How will we judge whether the ministry has worked well or not at the end of 1993, if we do not know what the performance measures are today, what the Minister's objectives and initiatives are and how is he going to manage his Ministry? It is not the Minister's fault, the performance measures are not there. He would have to be a super man to have done it within the last 10 months.

Mr. President, it is not only the important Ministries like National Security, Health and Education. There are other divisions that seem to have the same kind of problems. I looked at the Auditor General's report, which is called an efficiency audit, for certain aspects of the telecommunications division of the Office of the Prime Minister. In about five or six pages, the Auditor General tells a story about equipment that was purchased at \$2.5 million. The report says, in part, "In May 1982, Cabinet agreed to expedite the purchase of equipment. On November 4, 1985, some three years later, the contractor notified the division of Government that the machinery in question had arrived." Three years later, after the decision was made to purchase the equipment, the equipment arrives.

The report goes on to say that the division, this arm of Government, did not take delivery of the unit until 1991. So a decision is made in 1982, the machinery arrives in 1985, the Government takes delivery of the equipment in 1991.

For good measure, the Auditor General tells us that evidence was not seen that feasibility studies were carried out and, also, by the time the Government had taken possession of the equipment, the warranty period had expired. Mr. President, \$2.5 million of equipment is a relatively small amount when one thinks about the budget aggregates, but it is a significant amount of money. That is how accountability works.

What will happen to the Auditor General's report? Well, Mr. President, it will go to the Public Accounts Committee, or the Public Accounts (Enterprises)

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Committee four or five years from today and the parliamentarians at that time will sit and say "well, who is responsible?" They will be told the person is retired, emigrated or whatever and, therefore, that is the end of the story—\$2.5 million worth of equipment not working, gone to waste.

Mr. President, how is the power to spend exercised? Let us forget whether the price of alcohol or gas goes up. The power to spend. Do the people of this country have a handle on how this Government is spending its money? When I hear the Minister of Finance say that the system of accountability is working well, I worry, because this is the product of our accountability—\$2.5 million worth of equipment gone to waste, to say nothing about the other things that we do not know about.

Mr. President, I am not trying to criticize unduly. What I am saying is that the system is not there. The power to spend is not monitored and if the situation continues, and if we continue to believe that because we have a Public Accounts Committee that is staffed by part-time people; if we continue to have an Auditor General who has 180 members of staff to control approximately 60,000 civil servants and all sorts of state enterprises; if we continue to believe that all is well, Mr. President, in the year 2000 we will continue to have the same problems of bad, unmanaged spending and the people of this country will be no better served at the end of the century than they are now.

So, Mr. President, I implore Government, please, all is not well. This is not a criticism, it is reality. People will continue to be dissatisfied with the service in health, they will continue to be dissatisfied in our primary and secondary schools, unless Government puts in place a system of accountability and managerial control that tells people whether or not ministries are doing the work of the people well, not well or not at all.

Mr. President, I now come to some elements of expenditure. The first element of expenditure that I would like to deal with is the capital expenditure programme. In 1993, the Government appears to have reconciled differences between the capital development programme and what has come to be known as the Public Sector Investment Programme. It is something that was prepared, by the way, a few years ago and many commentators on the budget wondered what it was. The identity of this PSIP, as it is called, came under scrutiny in the 1992 budget, when the Government found that it had to transfer items from the PSIP to the capital development programme. So I am happy to see that there appears to be some reconciliation.

The PSIP for 1993 is stated to be \$1.191 million, approximately. So that it appears that the two things are the same. This is good, Mr. President, because the PSIP, as I understood it, does not really come under parliamentary control; it was a creature of the state enterprises. Because it was a creature of the state enterprises, it sort of slipped through the cracks, because all the Government did was come to Parliament for approval to borrow money and when it guaranteed the loans of the state enterprises, there was very little work done by Parliament as to what moneys were being spent on and whether or not the interests of the country and the state enterprises were well served.

It is in that context, Mr. President, that I wish to ask, once again, as I asked three years ago, whether or not a complete, professional and scientific feasibility study has been done on the upgrade of the Point-a-Pierre refinery. I asked the question three years ago and I did not really get a good answer. I ask it again, because millions and millions of dollars are being borrowed to fund this investment. Maybe it is a very good thing, maybe it is the best thing that ever happened to the refinery industry. But are we sure?

Mr. President, when it comes under the capital development programme, we need to know whether it is feasible or not. Let us just look for a while at what has happened to capital development programmes in recent years. The history has been that governments come to Parliament at budget time and say that Government will spend X millions of dollars on capital development and, when the year ends, in almost every case, in almost every year, the actual amount spent is much less than the amount budgeted.

Mr. President, all the statistics and jargon about whether or not we have a surplus, an overall surplus or a deficit really goes by the wayside. Historically, we have always spent significantly less than we have put aside for the capital budget. In 1988, the shortfall was 41 per cent. In 1989, it was 15 per cent. In 1990, it was 34 per cent. In 1991, 14 per cent and in 1992, 36 per cent, taking into account that expenditure at the Point-a-Pierre refinery was not part of the original capital development programme.

Mr. President, when one looks at the details as to what suffered and what we did not spend money on, one finds that it is in the soft areas, the areas relating to delivery of service to the people of the country. For example, in January 1992 the Government said it would spend \$61.1 million on primary and secondary schools; it only spent \$31.8. It said that it would spend \$57.7 million on hospitals; it only

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spent \$21.7 million. It said that in January of this year it would have spent \$77.6 million on housing; it only spent \$51.5 million.

Mr. President, in just about every area that matters to people, we say in January or December of the year that we will spend millions of dollars and when the time comes we do not spend the money. What happens? People suffer, schools and hospitals are not built, kitchens of hospitals are not re-furnished and we know what happens when these things do not happen.

I ask the question: How can a government in January of a year say that it will spend millions of dollars on schools and then 10 months later half of the money is not spent? In other words, half of the activity did not take place. Is it that at the start of the year we just put the numbers together and say that we will spend it because it looks or sounds good, or is it a guess? Are these orange-covered budget documents just guesses? How can it be that in the short space of 10 months, everything has changed? We either just throw the numbers together or we are not forecasting properly. Something is wrong. What is wrong?

Mr. President, let us understand that the engine of growth, the public sector investment programme, the capital development programme, an activity that is going to create jobs for both now and the future, is being treated with scant regard. We change them as we go along. We do not spend the money, with disastrous effect. I ask the question: Why?

I want to suggest to this honourable House, Mr. President, that if the budgets are properly done, these things will not happen. It is a consistent trend; every year it happens. I conclude that the budgets and figures addressed are put together in a haphazard fashion. What we are doing is mamaguying the people of the country. That is the story about capital development.

I want again to focus on the theme of accountability. We are not told about cost overruns. Maybe they do not exist. I do not know. But, Mr. President, in projects of this nature, I am almost certain that there are major cost overruns and I ask the question: Who is paying for them? Particularly because of the fact, as was pointed out earlier this morning, that most of the money for the public sector investment programme and capital development programme is borrowed money. Not borrowed locally, borrowed on the international market. So that for the next 10, 15 or 20 years, we will be forced to pay for these projects. So I ask the question about feasibility studies. I ask the question about project management control. I ask the question, once again, about accountability.

Mr. President, I now come to the recurrent expenditure. It is very easy, when one looks at the various headings of current expenditure, to be lulled into a state of complacency, if only because the revised aggregates for 1992 look so similar to those in 1993. There are really no major areas of cutbacks except those which have already been mentioned and I think there are probably reasons for those.

In terms of the major ministries, however, we are not spending significantly less. For example, National Security, we have a revised estimate for 1992 of \$537 million; for 1993, it is \$524 million. Works and Transport, \$485.8 million in 1992; \$512.8 million in 1993. So that the numbers are not all that dissimilar.

Mr. President, this state of complacency is disturbed and interrupted significantly when one looks, once again, at the difference in expenditure between the original estimates for 1992 and the revised estimates. Here again, the most important areas of service are the ones that seem to suffer. For example, Mr. President, we spent \$98 million less on health in 1992 than we said we would have spent. We spent \$36.7 million less for Works and Transport than we said we were going to. Public utilities, we spent less.

In most of the areas where the service to the people is concerned, we seem to spend less. If it is because we were more efficient that we spent less, then we could be complacent. But we know all too well that spending less in almost all instances means that services were not delivered to that child who needed care; there was no teacher to take care of a class, a policeman did not arrive on time because of short staff or shortage of equipment. This is what the savings mean in almost all cases. So that I have to harken back to the theme: We spent hundreds of millions of dollars on education, health and security, are we getting value for money? What do these savings mean?

This Parliament cannot sit here, as the Government is trying to suggest, and assume that because the money was not spent that everything is hunky-dory. It does not work like that. This is why I come back to the proper system of managerial control. It is taking too long, people are suffering, services are not being delivered. We are wasting money and this is one-third of our economy. The Government spends almost \$10 billion a year. We cannot afford to spend the money and not be concerned with control.

Let me leave expenditure for a moment and come to the power of government to raise taxes to earn revenue. The major elements of the revenue base are, as in the past, oil, company, personal, VAT and individual taxation.

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Mr. President, it is always very interesting to look at how the aggregates have varied from the time we planned the year to when we do revised estimates and to when we have the actual returns. I will not focus on that, because I understand the difficulties in budgeting. For example, in oil taxation, we do not know what the price of oil will be, but it is very significant that in 1991, the oil taxation revenue was \$1.8 billion and in 1993 it is going to fall to \$920 million, about 50 per cent of what it was in 1991.

This explains the difficulties of the Government in managing its finances. If a major revenue earner such as oil can vary from \$1.8 billion in 1991 to \$900 million in 1993, it indicates that the Government is in great difficulty when it attempts to budget and forecast the revenue. Now, we know that in 1993, the supplementary petroleum taxation—and even in 1992 those taxes were lowered in order to stimulate the investment in the oil industry.

When this Parliament debated that matter, you would remember that many of us expressed the hope that this sacrifice, if you will, will pay dividends in the long run in terms of increased production, which hopefully will be sold at acceptable prices.

1.50 p.m.

Let us come, Mr. President, to the question of individual taxation. The Government is expecting to raise \$1.2 billion in 1993. In looking at this item of revenue, one cannot help but remember the promises that were made by a previous Government, that because the population was prepared to accept the incursions of VAT, that the Government would be prepared to reduce the levels of income taxation. The new Government reversed that position and carried the rate back up to 40 per cent, with a promise that it would be reviewed. There was silence on that promise this year, and I ask the question: Why the silence? If it is that the promise could not be fulfilled in 1993, why not tell the population what is likely to happen in 1994? Individuals pay, not only income tax at the marginal rate of 40 per cent, but they are attacked in their pockets every time they move—15 per cent VAT, airport departure tax—taxes everywhere.

When a government makes a sacred pledge that it will reduce taxation and reverses it with another promise, it is important to tell people whether or not that promise has been forgotten or how it will be adhered to.

My other concern in the area of personal taxation has to do with what appears to be a lack of fundamental policy or a change in policy. You will remember that

four years ago the Government at the time was at pains to bring to the country what they called, "tax reform", and there was much debate as to how we should tax our citizens and corporations.

It was agreed at that time that we would uncomplicate and simplify the tax system by removing things like mortgage interest allowance—which in those days had no cap on it; home repair allowance, and a variety of other allowances which served to complicate our tax system. A lot of money was spent on that.

In 1992, we appear to have had a change. We brought back the bonds and the home repair allowance, and now, all of a sudden, it seems to be changing again. We are now saying that the home repair allowance is no longer good. We are attacking, once again, mortgage interest deductions, reducing it from \$36,000 to \$24,000. That would cost many of us \$400 per month, which is a lot of money.

There seems to be no concerted policy as to what we are doing; we just seem to be tinkering from year to year—this sounds good; that sounds good, let us do it; let us change it.

Mr. President, when a government sets about tax reform, does it not think that its credibility is at stake? Or, does the Government really believe that people enjoy having their incomes being interfered with and attacked just because it seems to be the whim and fancy of a minister trying to balance a budget? When a person enters into a mortgage deed or a mortgage arrangement with his financiers, it is a sacred obligation. He does that on the basis of a certain income flow. To attack it and change the tax provisions that apply to it just like that with no warning, is very unfair. I do not believe that the extra revenue which the Government is going to get from that measure is worth the amount of trouble and pain that this simple measure will put on the backs of the people of Trinidad and Tobago. It is just not worth it.

I plead with the Government, as I have done in previous years: the tax legislation which affects individuals should not be tampered and tinkered with on what appears to be a willy nilly basis just for the sake of a few million dollars to balance a budget, especially when it means that people have to renegotiate their positions and the agreements which they have entered into for long periods of time.

I now come, Mr. President, to corporation tax and the business levy. This is an old tax brought in by the NAR administration and it is now revisited. We had a business levy before and the Government of the day gave up on the idea for

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whatever reason, but we have it back with us. This tax is going to affect our loss-making companies and our marginal businesses. Having regard to all the rhetoric that we hear about small business and export-led growth and the need to stimulate investment and employment, to introduce a tax that is based on sales with no reference to whether the entity is earning a profit or not, I really wonder, is it really feasible? Is it really wise to introduce a retrograde piece of legislation like this when you are attempting to stimulate growth in your economy? Again, I ask the question: Is it worth the \$25 million? I doubt whether the Government would be able to collect that.

Mr. President, I come to some other items of revenue that the Government has set out in the 1993 budget. One gets the feeling that there was a great need to balance this budget and that therefore revenue numbers were generated perhaps more on hope than on realistic forecast of what is likely to happen. I will give you a few examples.

In 1992, the Government collected \$32,000 in student loans. The Government is telling us that in 1993, it will collect \$21 million in those loans. I do not know if everybody is going to start paying their loans in 1993, but this does not seem credible. How can you move from \$32,000 to \$21 million? It does not end there. We had grants of \$54,000; they say it is going to be \$67 million in 1993.

There is another item of revenue which demands a lot of credulity from even the most casual observer. There is something which is called, "extraordinary receipts", and there is no documentation as to what that term means. But that is going to move from \$23 million in 1992 to \$528 million in 1993. Is this the proceeds of the sale of some of our state enterprises? I do not know. But, at least, Government can say what it is. We call it "extraordinary receipts" in one place and in another place we call it, "part of the financing arrangements of the Government". It is a lot of money—\$528 million out of the blue, and there is no documentation provided as to what it is.

One has to ask the question: How credible are these increases? Our value added tax, for example, we say that it is increasing from \$962 million to \$1.2 billion in 1993. Just about everybody is expecting that 1993 will be a difficult year. Is it that this money will come out of the renewed administrative fervour of the Government? If that is so, what has happened in 1992?

Mr. President, one has to wonder whether or not these estimates of revenue which have led to a balanced budget will, in fact, materialize.

There is another one which I do not believe. The budget document suggests that in 1992, we would have collected \$40 million in land and building taxes and we are projecting that in 1993, we will collect \$160 million; we will quadruple the take on land and building taxes—presumably from the increase to \$48.00 that Sen. Mark was talking about this morning. I do not believe that will happen because the Government experiences great difficulty in collecting revenue.

If one goes back to the Auditor General's report, it speaks about \$9.1 billion worth of arrears of all kinds—moneys due from foreign Governments, taxes not paid, etc. Will we be able to quadruple the tax take on land and building taxes? Will we be able to increase the take from individuals? Will this \$528 million of extraordinary receipts materialize? Will we, all of a sudden, be able to collect our student loans, from \$32,000 in one year to \$21 million in another?

There is another one, Mr. President; the dividends from state enterprises. We know that state enterprises are very important items of debate and conversation today. The original estimate of the Government for 1992 was that dividends from state enterprises would be \$150 million. The Government scaled it down to a revised estimate of \$76.9 million, but then, all of a sudden, we are told that in 1993, the dividends from state enterprises will go to \$200 million. So we had an original estimate of \$150, we scaled it down to \$76 and we are back up to \$200 in 1993. All in the name of balancing the budget, and I ask a question: Will it happen? The answer that comes back to me is that one has to wear rose-tinted glasses to believe some of these numbers.

2.00 p.m.

But there will be no crisis in 1993. All that will happen is that we will not spend the money, we will not deliver the service. So we make these rather optimistic forecasts of what will happen, and they do not materialize—we do not expect them to, perhaps—and then we just cut back. Ministries do not get money; capital projects do not take place; the Government enters into commitments with all sorts of suppliers and finds well, you have to delay the payment from one year to the other and this is the budget game. I ask the question again: Would these aggregates have been so cavalierly put together if there was a really rigid review of what is likely to happen?

When we say that we have balanced the budget, and people derive much comfort from that, we must understand very clearly what we mean by a balanced budget. You see, if one is not an economist or one does not belong to one of these

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esoteric professions, and one looks at it and gets a small piece of paper and a pencil, you will begin to realize that this budget which we say is balanced has more to it than the eye would automatically see.

We are spending \$6.2 billion in recurrent expenditure—I see we are spending \$1 billion in capital expenditure; we have to repay on the loans that we have had over the years another \$1.3 billion so that, in fact, as a country we have to pay some \$8.5 billion. But, we have to spend it because if you do not spend it they come and repossess your stuff or they cut you off—the international borrowers, I mean.

The Government uses a very clever mechanism that is called net lending and it, perhaps, confuses the simple-minded people, such as I, about what a balanced budget means. Because in order to balance this budget, we have to go out and borrow another \$1.2 billion in 1993. We have to borrow money to balance the budget and to that level of \$1.2 billion we have to add this \$578 million of extraordinary receipts.

Simply put, Mr. President, we have to find \$8.5 billion Our recurrent revenue is in the region of \$6.8 billion and there is a difference for which one must borrow. This is the cycle that we follow. There is really no relief in sight, because if one looks at this document that is called the *Medium Term Policy Framework*, we are looking at borrowing unabated until 1995. According to this document, we are looking at US \$271.4 million in 1991 which is past, US \$471.2 in 1992, US \$538.5 in 1993—all millions of dollars, US, Mr. President, US \$381.3 in 1994, and US \$292.4 in 1995.

What is really happening is, we are borrowing to repay old loans. We are not really paying off the debt. We are exchanging old debts for new debts. But we must understand that when we say we balance the budget, it is not that our tax revenue takes care of all the expenditure of Government. We have to go out and borrow significant sums; and we have to have extraordinary receipts, which I gather has to do with the sale of enterprises, to make up the rest.

So a balanced budget it is. That is what the economists tell us, but we continue to borrow and we say that in the year 1995 our debt service will be only 20.9 per cent. But, Mr. President, that assumes that we will be able, in the year 1995, to increase our exports significantly to reduce our debt service from 32 per cent to 20.9 per cent. I have always had great difficulty—I see Minister Valley is getting a bit agitated—in explaining that the way the simple man looks at this, is that he is

not interested in capital expenditure, net lending which is the number that they use. All he wants to know is what money we are getting in, what money goes out and what is the difference and if we have to borrow it, he needs to know.

The balanced budget of 1993 means that we continue to borrow and I do not say it to criticize the Government. I just say it to make the point that, if we believe that we will live in Trinidad and Tobago and be able to shut out the rest of the world and not "take them on", as they say, there will be no growth because, of the Minister of Planning's \$956 million of Public Sector Investment Programme, I believe, 70 per cent of it depends on borrowed money. The need to conform is not an option that we could cast aside gingerly if we are going to have these projects, this capital investment. If we are going to grow—what is the word, stabilization to growth—we have to continue to borrow.

Mr. President, I come to another area which concerns me and it is international trade.

Mr. President: I am not interrupting you, but I need to let you know that you have utilized your first 45 minutes.

Sen. Mansoor: International trade, Mr. President, and the very vexed topic of trade liberalization. In 1991 the negative list was partially removed and one of the direct effects of that was that our imports increased dramatically from \$4.7 to \$6 billion by some US \$304 million. It was also in part because of the fact that most of us thought that we were having a boom in 1991 because of the elevation of the price of oil in the Gulf War, and certain other expansionary policies that were followed by the Government in the latter half of 1991. In 1992, the second part of the negative list was removed and it is fair to say that now that the negative list is removed in whole, apart from certain products like agricultural products, what we can expect is that there is going to be a very severe call for foreign exchange.

It happened in 1991.

2.10 p.m.

The figures for the first half of 1992 seemed to suggest that we will spend a bit more on imports. The reaction of the authorities was very quick. They realized that in order to save the outflows of foreign exchange, interest rates had to be increased. The liquidity had to be tightened. In 1992, what we are faced with, for want of a better word, are cheaper imports notwithstanding the fact, that we have tariff protection of as much as 100 per cent on some of the items that were

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removed from the negative list. There is no doubt about it, when the tariff rates are reduced the demand for imports will increase. A direct effect. One cannot expect any thing but that we will have to make more foreign exchange available if we are going to satisfy the pent-up demand for items that have been removed from the negative list.

While all of that is going on the Government tells us that in 1993 it will levy a five per cent charge or duty on all the raw materials for manufacture. According to the esoteric minds of the economists, this is done because we need to put a tax on our inputs to our manufacturers in order to take care of the anti-export bias. What is happening is that in 1993 we are putting a new five per cent tax on raw materials and at the same time we are making imports a bit cheaper—5, 10, 15 20 per cent cheaper. We are saying to our manufacturers that we need to do this in order to encourage them to export.

If you look at any country which is very good at exporting you will find out very quickly that one of the essential ingredients about becoming an export power is a good reliable sophisticated local market, because just about everybody exports on the basis of incremental cost. If you look at any country that is good at exporting you will find that most of the items or a considerable number of the items they export are in fact, cheaper on the export market than they are on the home market. When we do all in our power as a government to make our local products more expensive—and I refer to this five per cent of tax on inputs, the increased electricity cost, the high interest rates, and expected increase of natural gas prices which I am being told would be 75 per cent—we make it more difficult for our manufacturers to compete effectively. We are bringing imports in with lower tariff barriers, all of this we are told, with the hope that one day we will be able to export and compete on the international market.

The Government is not all wrong. As a matter of fact, the Government is mainly right in this matter. It would be wrong to force our people to continue to buy at excessive prices, because items are locally manufactured. The Government has good reason to do what it is doing. However, one has to ask the question how is the manufacturing sector, on which we rely for some 45,000 jobs, going to survive in 1993 when you do all of these things at the same time. You increase energy cost, the duty, you have high interest rates and you have weakened the local demand because you bring in foreign competing products at lower rates of duty and you expect the sector to provide more jobs.

The Government said in its document that it is relying on the private sector to create all these jobs. I am suggesting that we are expecting too much from this sector of the economy in 1993. We are trying to do all this too quickly. We are eroding the competitive advantage of our manufacturers by making energy, which has always been cheaper in Trinidad than anywhere else, more expensive and by expecting them to all of a sudden pay market prices or something that is closer to market prices for energy in 1993 when all of these other things are happening. There is going to be a fall out. I ask the question: what will happen? How many jobs will we lose? Could we not do it in a more gradual fashion?

The other concern which I have is, if it is we are going to make our imports cheaper, how long will we be able to rely on interest rates to protect our foreign exchange reserves? Because the demand for foreign exchange is going to increase, the cheaper your imports become. The much vaunted objective of conserving foreign exchange and increasing our gross national reserves. I ask, will that be achieved when our tariff rate will be 20 per cent at that time and when we would have, with all probability, eroded the ability of our manufacturing sector to compete on the international market?

At the same time one has to remember that the Government is saying that it is going to improve its customs collections procedures. If that does not happen very quickly to protect the local manufacturer, they can go by the wayside and go into receivership while the Government takes time to bring these new procedures. I ask the question: is this not too much too quickly and what is the fall-out going to be?

As you know, Mr. President, we have anti-dumping legislation. Is the Ministry ready to enforce this legislation? I am not being critical of the Minister but I rather suspect he has a lot of trouble finding people who can do that job. There are some difficulties. I say it is too much too quickly. And now that the Government has as it were, cast the dye, I suggest to Members that they keep their ears to the ground during 1993 to see what is really happening. It just might be possible to take remedial action during the course of 1993.

I wish to make a few short points about saving. The Government identified saving as a very important economic imperative but we continue to tax interest income at 15 per cent. Again, I ask the question: why? Is it because it is easy to collect? They cannot say in one breath that they want people to save and in the next breath say that they would impose high taxes on interest income. If I may just make two further points.

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When I approached this very comprehensive document that is called the *Medium Term Policy Framework* I had one question in my mind; will there be an increase in employment? Because that, for a person who likes to gravitate towards solutions, is really the main concern of people in this country.

The first thing I looked at in this document is page 49 where there is a section on employment creation. All the words are the kinds of words that one expects to find in a document of this nature. Several of them polysyllabic; long words. Then I looked at page 50 and this is where on table 3, the Government attempts to project how many new jobs they will be creating given the fact that there are some 100,000 persons unemployed.

I was very sorely disappointed when I saw page 50. No attempt is made to quantify what is likely to happen when they spend the \$4.1 million of the PSIP and do all the other things that they say they will do. What they have on page 50 is pluses, minus and zeroes with respect to what the Government expects to happen to the unemployment base. I contend that if the Government has the bright economist who could produce such an erudite document as this, surely they have sufficient brains, talents and computer ability to forecast what is the likely result of all of these programmes. Are we going to have more jobs in 1995 or less jobs and what are the relevant numbers? It is a difficult job, but if you could write all of these words you should be able to do that. If that is the most important single variable in the economy, jobs, why can we not attempt to forecast it?

2.20 p.m.

My last point is my concern about this *Medium Term Policy Framework* document. Page 2 states:

"Three strategic initiatives underpin the medium-term programme. These are:

- (a) enhanced fiscal discipline;
- (b) reliance on the private sector for incremental investment;
- (c) exports as the major source of growth and employment."

With an abundance of respect, I think that list is incomplete. It leaves out, enhanced operational efficiency in the biggest segment of this economy, the public sector.

People are not interested in enhanced fiscal discipline. The man in the street is not interested in that. He is interested in whether or not he gets value for his tax

dollar; whether or not the social support systems are there, which he would need in the course of his normal life. I think that this document is seriously in error, when it does not identify public service reform; operational efficiency in the public sector as a key strategic initiative.

I ask the authors of this document to reconsider, because to me, that is the most important contribution that we can make to this country in the next few years, control over the power to spend. If we continue to believe that it is all working well, we are fooling ourselves. I suggest to the Government that the strategic initiatives be redefined, and be expanded to include public service reform, accountability in Government and managerial efficiency in all our ministries.

Mr. President, I thank you for your indulgence.

Sen. Ainsley Mark: Mr. President, it is always a pleasure listening to Sen. Mansoor. In response to some of the queries which he raised in his presentation, I think that I can say categorically, that we on this side share his concerns about ensuring that the population gets value for the money spent. I trust and I am certain that in his response, the Minister responsible for public service reform, Hon. Gordon Draper, will address the question, of an adequate system of accountability and managerial control.

Sen. Mansoor also raised some other points on recurrent expenditure, individual taxation, corporate taxation, the impact of the trade reform exercise on the economy and the question of savings which I will address a little later in my presentation.

I want to go to the speaker who addressed us before Sen. Mansoor. It was George Elliot who said, "Blessed is the man, who having nothing to say, abstains from giving us wordy evidence of the fact." The Leader of the Opposition, is certainly not a very blessed man at this point. It is a grave concern to someone like myself, because Sen. Wade Mark is someone whom I have known for a very long time and someone for whom I have had some respect. When week after week, I sit here and listen to his contribution, I ask myself: What is the source of this virulence?

Last Wednesday, I went into that other place, and when I heard the *mauvaise langue*, wild charges, contradictory and irrational arguments, and allegations of corruption, I was clear about the source of Sen. Wade Mark's virulence. It is really regrettable, because while sometimes we come to this Chamber and there is a certain levity, we would hope that when we are discussing the national budget,

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there would be a little more honesty; less *mauvais langue*; that the tendency to make wild charges about allegations of corruption would be mooted, if only for this debate. But again one was sorely disappointed.

It is amazing that throughout his presentation, the view was coming across that the people of Trinidad and Tobago are the victims of some kind of international conspiracy. We kept hearing some of those old ideological arguments, the battles of what one might say, a by-gone era, being articulated today.

About 40 years ago, it was the foreign companies; in more recent times it has been the parasitic oligarchy and today, the scapegoat is the multilateral agencies. At every stage we refuse to accept that we are all responsible for our conditions in Trinidad and Tobago. This role of the victim crying out for aid, Lord help me, give me some more aid; Lord forgive us our debts; Lord let us pay less as if we expect some type of international sympathy for Trinidad and Tobago.

The people on the other side understand this. They travel to the United States of America. They see precisely how the USA deals with their citizens. Look at the number of homeless. We understand that there is no external sympathy for Trinidad and Tobago and we have a responsibility to fix our country.

2.30 p.m.

Now I am certain that it would have been nice, and the Minister of Finance would have had a relatively easy task, if he were able to reduce direct and indirect taxes on individuals and corporations, if he were able to pay off all outstanding moneys to public sector workers, if he were able to protect manufacturers as they adjust to the new realities in the international economy, if he were able to increase transfers to the public utilities and the non-governmental organizations, but we are all aware that that is not the reality of these times.

We are all aware that Trinidad and Tobago has been experiencing some 10 years of negative growth. Lloyd Best, in a recent article, stated that we are today half as well off as we were during the boom period. Sen. Mansoor, in his presentation a short while ago, pointed out that, even in the areas of revenues from oil taxation, there has been a decrease of almost 50 per cent over the past three years. We are all aware of the very tight central government fiscal condition. We know about the very precarious balance in the external account. We know of the tight liquidity—the fact that interest rates have been higher than ever before. We know that we are living in a world of large trading blocs, with some very special

trading arrangements; that we have grave unemployment, in excess of some 20 per cent, particularly amongst our young people. We know all of this and what we on this side are saying is that here we have a Government which is committed to getting this country moving once again.

We have put in place a new petroleum taxes regime. In the estimates we are sacrificing \$150 million in the revenues from this year, but it is obvious that the sacrifices would pay benefits in the future. We are concerned about the continuation of the process of trade reform, which I will come back to. We are seeing the strengthening of the legal and regulatory framework to provide clear rules for private sector investment. We have embarked on the strengthening and improvement of operations in Inland Revenue, the VAT office, the Customs and Excise Division and the Ministry of Trade, Industry and Tourism. We are embarking on the establishment of a revenue protection agency, and all of this is being done within a framework which has as its very basis the improvement of the lives of all people of Trinidad and Tobago.

Mr. President, I wish to restate the point that we are all in this together. While as a government there are very many things that we would have liked to address, they cannot all be done in 1993.

Let me move now to some of the more specific matters that were raised in the budget. Let me start first of all by looking at the question of the business levy. From the day that the Minister presented his budget in that other place, we heard the chorus that this levy is going to adversely affect marginal and loss making companies. Now, I am sure that all of us understand and appreciate the rationale for the introduction of that business levy. We know that there are firms which have reported losses over extended periods, but yet continue to operate, and we are saying that these firms ought to make some contribution to the national purse.

Sen. Hosein: Your argument is that there are companies making losses and yet they are in business and expanding. If that is the case, can you not use the Inland Revenue to investigate these businesses and make sure that they pay?

Sen. A. Mark: We are aware that companies which have reported losses over extended periods, continue to operate, and we are saying that these firms must make some contribution to the national purse.

Relief is provided in the form of tax credits, so that in cases where the corporation tax exceeds the business levy, there is no incremental tax burden. Now, the magnitude of the business levy could hardly be considered punitive. We

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are arguing that the sums involved will not make a difference to the viability prospects of even marginal firms.

It is important to use some numbers. The business levy on a firm which has sales of \$1 million a year will be \$625 per quarter or \$208 per month or \$50 per week. This is what we are talking about. A firm which has sales of \$1 million per year is being asked to pay a levy of \$50 per week. If it does in fact pay corporation taxes, there will be a tax credit for the levy that has been imposed. So that one can hardly consider that levy punitive. While it makes nice talk, when we get down to the numbers, a firm with sales of \$1 million that cannot pay \$50 per week as a levy for which it will get a tax credit, if it is profitable, has a right to be out of business.

Sen. Mansoor also spoke about the fact that in the 1992 budget presentation, the Minister promised to review the increase in corporation and personal tax from 40 to 45 per cent, and he asks why the silence on the matter.

2.40 p.m.

In light of the need to protect our revenue base in this year, we have reviewed it as was promised and we would look at it in subsequent years.

Mr. President, let me move on to the common external tariff reduction. I will be very brief on this. Again, listening to Sen. Wade Mark in his presentation this morning, his views—and I imagine the views of the Opposition—were again the cry of the victim, gloom and doom on the entire society, that Trinidad and Tobago will just disappear because the CET has been reduced.

Mr. President, there is no doubt that there are significant opportunities unfolding by way of new trade arrangements. We cannot afford to be on the sidelines. We cannot afford not to participate effectively in these new arrangements. To be able to participate effectively, we must develop a manufacturing capability that can compete in these expanded markets. To fail to make an effective thrust in this direction is to compromise our prospects for long-term economic viability. That is another reality.

In 1992, it is reported that the manufacturing sector registered real growth of 2.6 per cent in constant 1985 prices. To achieve this in such difficult circumstances is a credit to the sector and should prompt confidence in the sector. What we are saying, Mr. President, is that notwithstanding all the difficulties, there are firms in Trinidad and Tobago that have taken up this challenge of exporting and are, in fact, moving ahead.

Sen. Mansoor was right when in his presentation he said basically that the protection that the Government has historically offered to the manufacturing sector continues to place a burden on the shoulders of the wider population. There is no way that we can continue to have this situation going on *ad infinitum*.

However, it is only telling part of the story without trying to understand the liberalization measures in the context of a wide range of supporting measures that have been undertaken by Government. Government is intent on consolidating its partnership with the private sector and the whole question of industrial restructuring has taken a very high place in all of the discussions.

Initiatives to be undertaken in collaboration with the private sector include the business expansion and industrial restructuring project which, in addition to providing some US \$27 million in funding, also involves a study on the legal regulatory and institutional frameworks relating to business and entrepreneurial activities. These initiatives, Mr. President, will provide the necessary support for the private sector to transform their production structures into entities that will begin to take advantage of the opportunities that will come with liberalization.

It is not a question of the Government introducing a trade reform programme and leaving the private sector to catch, but the Government working closely with the private sector to ensure that the industrial transformation, that industrial restructuring does, in fact, take place.

I am always concerned, Mr. President, when, I hear the pleas, cries and complaints of certain prominent members of our society, like the Senators on the other side. Are we admitting that we cannot compete in NAFTA, a market of some 500 million people? Is that what we are saying? Are we prepared, therefore, to be marginalized? I think that our top priority must be to recognize the inevitable and to turn it to our advantage so that the Government and hopefully more of the players in the private sector would view the unfolding international developments not as threats, but rather as opportunities.

Another point that Sen. Wade Mark raised was the role of the Government in economic development. In his view, the Government is relinquishing its responsibility as prime mover of the economy. Of course, he got into his attacks on the private sector, on the commercial banking sector and so on and so forth.

The view that the Government has abdicated its role in economic development is totally erroneous. Nothing could be further from the truth. The fact is that there has been a reduced role of Government and, simply, the Government has to tailor its role to suit the circumstances of the times.

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What are some of the main factors that have contributed to prompt a revision of Government's role? The first of these, declining financial resources of the state, now require that Government expenditure be carefully targeted to derive maximum benefits from available resource utilization. This is where Sen. Mansoor's point about value for money is critical.

The second and perhaps even more important point, is the increased maturity of our private sector. Private sector players who, 20 or 25 years ago would have been agents for some foreign furniture or stereo manufacturer are now key players in our economic landscape. When we look at the financial institutions, at the resources, the assets that they command, there is no doubt that the private sector that was existing in Trinidad and Tobago 20 or 25 years ago has grown up. Many of our industries have, in fact, emerged from the import-substitution framework and are making significant inroads into new markets.

Notwithstanding this, of course, Government's role continues to span a spectrum ranging from the provision of incentives, facilitatory and supporting arrangements for private sector led investment, to actual, direct involvement in commercial activity. The focus, however, has changed.

What we are saying is that at this point in time the Government is neither able nor willing to continue to play the lead role and that, in fact, we are in the process and will continue to provide the environment where the private sector will play a much more important part.

Mr. President, the Government continues to be directly involved in commercial activity. If you were to look at the energy sector, for example, planned capital expenditure by state-owned companies in the energy sector for 1993 is in the order of some \$350 million.

In the budget, the Minister spoke about the criteria that would be adopted in terms of the ongoing divestment programme. So to say that the Government has abdicated its role in economic development is not true.

Another point that was raised by Sen. Wade Mark had to do with the reductions of transfers to utilities and the allegedly adverse effects it would have on the manufacturing sector. That reduced transfers to utilities should lead to increased rates is not necessarily the case, Mr. President.

If we are to look at electricity, for example, Trinidad and Tobago continues to have the benefit of the most favourable electricity rates when compared to its

regional counterparts. In Barbados, for example, average revenue for all categories of consumers amounted to US 15 cents per kilowatt hour. A comparable figure for Trinidad and Tobago is US 39 cents per kilowatt hour. It is very important.

I remember some time earlier this year I was in Barbados and I met two graduates of the engineering faculty who have a small consulting practice doing energy audits. They were assisting manufacturers, hoteliers and so on in managing their electricity utilization more effectively. It is pointed out that the only country in the English-speaking Caribbean where they have not been able to make any inroads—that nobody is concerned about any energy audit—is Trinidad and Tobago. It is precisely because our electricity rates continue to be as low as they are, that manufacturers seem not to be concerned with the efficient utilization of that most important resource.

Let me just quote some figures. My source is the Caribbean Electric Utility Survey for 1990 and let me give some comparative figures on average costs per kilowatt hour. In the Bahamas, it is US 14.1 cents; Barbados, 15 cents; Belize, 20.6 cents; British Virgin Islands, 21.6 cents; Cayman Islands, 18 cents; Dominica, 20 cents; Grenada, 20.5 cents; Jamaica 21.2 cents; St. Lucia, 16.9 cents; St. Vincent, 23.1 cents and Trinidad and Tobago—even after the latest PUC award—3.9 cents.

So that when our manufacturers tell us that they are having difficulties because electricity rates have increased by 85 per cent, we want to know 85 per cent of what, in the first place and how significant is the electricity cost in the total cost.

I am suggesting that since it is the policy of the Government to reduce the transfers to these utilities, it is inevitable that there will be some increases or there might be some increases in rates that would force the consumers and the manufacturers and so on to utilize these resources much more effectively. The low tariffs have been responsible for a considerable amount of wastage.

In the budget, Mr. President, the Minister also addressed the question of tax benefits and reliefs for investments in venture capital companies. We feel the need to give some incentives for investors to establish and finance these companies because the commercial banks are not normally as receptive to what they might consider high risk projects as we would like. It is our view that the venture capital companies could, in fact, contribute to the funds available for entrepreneurs in their various activities.

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A considerable amount of time was spent on the question of the administrative strengthening of various revenue collection agencies, the VAT office, the Board of Inland Revenue and Customs and Excise. It is, again, our responsibility, as citizens of Trinidad and Tobago, to ensure that the efforts being made by the Government to strengthen these agencies are as successful as possible.

Mr. President, in closing, I would like to say that this Government is committed to reversing the negative trends of the past decade and putting Trinidad and Tobago back on a path of sustainable growth. In the 1992 and 1993 Budgets, we have been addressing problems like establishing a more efficient and export-oriented sector, more efficient utilities, less dependence on the public purse for their existence and the issues of unemployment.

However, we are all aware, Mr. President, that these problems cannot be addressed in one year. In the case of WASA, for example, one can argue that WASA's problems have been some 28 years in the making. It will take us more than one year to move it from where it is to an A-grade public utility.

What is important, Mr. President, is that the *Medium Term Policy Framework, 1992—1995*, sets the tone for the future. The direction is clear, the rules are clear and no longer can potential investors say that they are confused by a lack of government policy. The issue is now the implementation of the various proposals. In this respect, Mr. President, all the social partners in Trinidad and Tobago have their parts to play. We are responsible for our condition in Trinidad and Tobago and, as a people, we have the responsibility of working ourselves out of this most serious predicament.

I am very heartened by a number of aspects of the budget, Mr. President, and I hope that in the next 12 months all of the players will do their part in seeing its realization.

Thank you, Mr. President.

Sen. Carol Merritt: Mr. President, I rise to make my contribution in this debate on the 1993 Appropriation Bill.

The main thrust of my intervention is to question the impact of the measures suggested and, as a subsidiary, to question whether growth is likely, given the policies attached to the Appropriation Bill.

Mr. President, it may seem extraordinary that we have before us a second budget to be debated in this year since it is traditional for the budget to be

presented at the end of each year. It is also traditional for citizens to look forward to the budget presentation with much anxiety. Weeks before the actual presentation, there tends to be speculation among taxpayers about what the budget has in store for them in terms of an increase or a reduction in their taxes.

The unemployed are eager to see if any provisions for long-term jobs will be made to enable them to start providing for themselves and their families. Those that can afford vacation and overseas travel normally seek to buy up scarce US dollars in advance, just in case the Government plans to devalue the currency after the budget presentation. The business sector is generally concerned about whether Government will introduce any incentives for their investment.

Mr. President, we in the UNC share and appreciate all these anxieties. However, like most of the population, we do not feel appeased now that the budget has been presented, since it has created more questions than answers.

Mr. President, either way, one would have hoped that the Government would have used the public attention surrounding the budget debate as an opportunity to mobilize a population towards social consensus.

In my view, the budget presentation is inadequate to this task, since it is strictly an economic document dealing with economic indicators, for instance, production levels, unemployment, revenues, expenditure, et cetera and largely ignores the socio-political issues which are equally important. *[Interruption]*

My friend on the other side would not agree with me. I see he has already started making his snide remarks. The people out there will deal with him.

Furthermore, the *1992 Review of the Economy* and the *1993 Estimates of Revenue and Expenditure* have been forwarded too late to allow proper analysis of their contents.

Mr. President, this budget is quite vague in many areas. This would mean that the Government will bring to the Parliament later in 1993, a Variation of Appropriation Bill, maybe at the end of the financial year, to validate hundreds of millions of dollars in expenditure which will be spent in the coming year but which is not being budgeted for in this present document before us. This, in effect, proves that the document now before us is a non-budget.

If we have to take into consideration the budgets of previous years and the norm of bringing variation of appropriations later in each year, it will seem, Mr. President, that this country has been hoodwinked for many years with non-

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budgets which the Government succeeds in passing because of the majority in both Houses of Parliament and, again, this Government is making hapless fools of the citizens of this country with the measures outlined in this budget and its *Medium Term Policy Framework*.

Mr. President, the sheer magnitude of the variation in terms of both shifting of moneys between different heads of expenditure and the need for the increased allocations that will arise, make this report a virtual new budget, with a fundamental difference, that this expenditure will not receive parliamentary scrutiny before it is spent. Worse, without acquiring motives, it is possible that certain expenditure which Government considers to be sensitive is left out of the budget and will be brought to Parliament as a variation of appropriation later in the year.

Mr. President, what level of success has the Government achieved in the pursuit of the stated goals in the 1992 Budget? Has it achieved a significant and durable reduction in unemployment? Has it been able to restore an adequate level of foreign exchange reserves? The answer to these questions is a dismal "no".

Based on the performance of this Government, we now ask what level of success does the Government anticipate, given the policies outlined in the *Medium Term Policy Framework*? And I refer to page 10 of the document, in case Members have forgotten the objectives:

- "(1) the attainment of sustainable growth of the economy based on increases in productivity, increased output in export-oriented activities, particularly those enterprises whose inputs are sourced locally, and further diversification of the productive base of the economy.
- (2) a significant and durable increase in employment generation.
- (3) viability in the fiscal and balance of payments accounts and restoration of an adequate level of foreign exchange reserves.
- (4) Price stability..."

Which is just words rearranged from year to year. They keep rearranging the words, that is the effect.

3.10 p.m.

Mr. President, I pose these questions, with the knowledge that proposals for economic development do not succeed when they do not have the support of the

population. We in the UNC believe that all economic and social development is about people and their consensus is essential for success. We agree that indeed the improvement in the standard of living of the population hinges upon growth, as it is outlined in the framework. But this Government has misread the needs of the people of Trinidad and Tobago.

For instance, most of the policies outlined in the 1992 budget were not people-oriented. The new PNM has failed to understand, even now, that the function of any government must be to secure the well being of the citizenry and to organize the socio-political economy in order to ensure that every citizen feels a sense of security and belonging. But, Mr. President, I think I understand why this is so. They have removed the "People" from the People's National Movement and replaced it with the name of a person, so that PNM now stands for something else.

Hon. Senator: What does it stand for?

Sen. Merritt: I am sure all those foundation Members of the PNM are weeping in their hearts to see the turn that their beloved party has taken and those who have gone beyond to their maker must be tumbling in their graves, be it watery or otherwise. It is not the same PNM. At least, the old PNM was people-oriented in a form. *[Interruption]*.

Mr. President: Order please!

Sen. Merritt: Mr. President, let me now turn to some specific areas of concern within the budget that I wish to address. The Minister stated in his speech that Government is well aware of the concerns of the national community with the incidence of violent crimes, many apparently drug-related; the problem of homelessness, and the drift of many of our young people into lives that are socially and psychologically unproductive.

A review of the Government's parliamentary programme since it assumed office reveals that its agenda is not one about "people". During its 11 months in office, the Government has failed to undertake and initiate any programmes which will alleviate the hardships, suffering and destitution occasioned by structural adjustment.

For instance, in spite of the litany of promises, the Government has not introduced any legislation in the Senate to protect our nation's children from abuse; to provide social services and support systems to relieve the psychological and social effects of economic dislocation and destabilization. The abuse of our

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nation's children has increased tremendously in the last few months. In the various newspapers there are regular reports of the type of abuse children undergo at the hands of adults.

For example, on October 19, 1992, the *Express* reported that one in every four girls, and one in every eight to 10 boys are abused in Trinidad and Tobago. The reality of the problem of child abuse is such that most of the victims are females, while 95 per cent of the abusers are men.

On February 2, 1992, the *Trinidad Guardian* reported that 84 per cent of secondary school students use alcohol—alcohol which we all know constitutes a gateway drug. There are also reports emanating from the school system that drug lords use students to peddle their merchandise on the school compounds.

The *Mirror* reported on November 13, 1992, that 312 children have disappeared over the last 10 months.

It is a sad fact that "street children" have become a common sight, particularly along the highways, the priority bus route and outside the fast foods outlets at nights. One sees many young boys under the age of 12 years sitting outside fast food outlets at nights although they have parents who are responsible for them. That is the stage we have reached. They beg at the maxi-taxi stands, hustle passengers for the maxis, or sell nuts, channa and vegetables.

These are usually boys of primary school age, who are either runaways, or their parents, due to their destitution, are unwilling or unable to care for them. Both the police and the social worker laments that they are helpless to find homes for these children since the institutions are overcrowded and there are no official foster care services for them. I would like the Minister of Local Government, junior Minister, or whatever he is, to please look into this matter.

Mr. President, the burning question is: What is the Minister of Consumer Affairs and Social Services and her Government doing now, not in the long term, but immediately to address these issues, to establish support systems and to remove the sense of hopelessness and helplessness which all our people feel?

The Minister states on page 38 of the budget speech that they plan to spend, in 1993, a total of \$566 million on social support programmes on both recurrent and capital account.

The fact of the matter is that the Government has spent \$487 million on a variety of social problems in 1992 without having made any significant impact on

the crisis of poverty, crime, alienation, health, education and social displacement. To my mind, this poor performance is indicative of Government's misdirection.

The seeds of social ills have their genesis in economic dislocation and destabilization. We only have to look next door and observe what is taking place in Venezuela. It is my hope that this arrogant regime does not feel that Trinidad and Tobago is immune to further uprisings. The budget has effectively demonstrated that the Government has no plans to deal with the escalation of crime. It appears that their only plan in this regard is to construct a maximum security prison—right in my back yard, you know; I hope inmates do not scale the walls later on.

Another issue is the increased price of LPG. We all are aware that it places an additional burden on the consumer, mostly women. However, my main concern at this point is the unscrupulous behaviour of the retailers. Immediately after the budget, the price was increased by some retailers. Some even began retailing LPG at a higher price than that which was proposed in the budget. Others are charging consumers an additional dollar for selling right on their doorstep. It appears as though the poorer members of our society are shouldering an unequal share of the burden of adjustment.

Mr. President, we cannot forget the old age pensioners. We always have to remember them for they are forever present, and we are all getting older. Much attention is not paid to the concerns of old age pensioners in the budget, except on page 38, where the Minister stated that there will be increased allocations for YTEPP, old age pensions, and aided self-help projects. There are no specifics as regard the increase in allocations to the old age pensioner.

There is need for the Government to define a clear policy on the whole question of the treatment of the elderly. It is crucial for us to recognize that old people are not bad debts to be written off. Rather, they are the pillars of our society, our history. They are our mothers, fathers and grandparents and thus must be treated with the dignity and respect which they deserve. But the harsh reality in this country is that our elderly are regarded as derelicts; they are seen as a social burden, and they are treated as mere statistics.

Mr. President, most elderly persons just manage to have an income of no more than \$500 per month. If you remember, in March, 1992, I had moved an amendment in this Senate, asking for the allocation for old age pensioners to be increased.

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In many instances, after purchasing food items, medication and other basic needs, they do not have anything left over to pay for electricity or rent. This means that they might be eventually evicted to join the growing mass of vagrants in our cities and towns. This situation is very upsetting to all of us, I am sure.

However, what is even more upsetting is the callous and insensitive proposal that the Ministers of Local Government and Social Services have in mind. They plan to gather up all the vagrants and deposit them on Nelson Island.

3.20 p.m.

Mr. President, these people in their haste to implement the said proposal, did not even take time out to remember to take along the keys, far less to take time to consider that these vagrants need to be assessed on an individual basis before they take harmless, defenceless old ladies and men, who are genuine cases of homelessness due to some unfortunate situation, and place them on the same compound with hardened drug addicts and violent mentally deranged people. Maybe, Minister Valley, by taking them to Nelson Island hopes that some of these hapless souls will throw themselves into the Gulf to be eaten by sharks and barracudas. I suggest that this plan be reconsidered. Instead, the Minister should focus on finding proper homes for the elderly.

Mr. President, I turn now to the housing problem. The Government gave a home maintenance allowance of \$12,000 in the 1992 budget, and in true PNM style took it back in 1993. A positive housing policy can make a substantial contribution to economic development and social welfare. The relationship of housing to employment, social services, recreation and other aspects of urban and rural life is spatially important. Over the last two decades governments have successively failed to realize that housing is a tool for macro-economic development which should be viewed as complementary to other sectors. We in the UNC recognize that an inadequate dwelling, absence of water and sewerage facilities, or lack of access to income earning opportunities, contribute to low family income, poor health and a low ability to absorb education.

At this point, I want to make specific reference to John John, where the residents live under the conditions I just described after 35 years of supporting the PNM. The recent fire in the area has served to heighten the problems experienced by communities such as John John, Beetham Estate and Laventille.

Mr. President, in recognition of the housing dilemma of the 1990s, the UNC proposes that the Government provide seed capital for appropriate housing.

Financial institutions should be dedicated to the specific objective of promoting better housing solutions for all income groups. The specific lending policies should be meticulously designed to facilitate lower income groups. The measure to kickstart the construction industry by tax exemption of income from rent or sale of properties constructed between 1993 and 1994 requires the prior approval of NHA and IDC. I fear that the level of bureaucratic delays characteristic of these two institutions may frustrate this measure.

Mr. President, we cannot speak of a decent standard of living for the population and at the same time neglect to deal with the failure of our public utilities. As a matter of priority, they are all important—be it water, electricity, roads, drainage, sewerage, garbage disposal, or telephones. In the absence of a reliable infrastructure it would be difficult, if not impossible, to attract investment, especially foreign investment, which is a critical aspect of job creation. I am of the view that the failure of the public utilities to function satisfactorily is due to inappropriate management strategies and a system of recruitment based on patronage and corruption. This has resulted in square pegs being placed in round holes where accountability is virtually non-existent.

With this in mind, Mr. President, allow me to raise some queries on WASA:

1. What is the Authority doing to minimize the current water lost and what is the percentage of total pipe-borne water that is lost?
2. How many of the sewerage treatment plants are working on by-pass and what are the reasons for the by-passes?
3. Are there proper records, e.g. maps of pipe replacements, their type and size, for site modifications below the surface?

I make these queries because it is alleged that WASA personnel do not have maps of pipe layout when they are doing site modifications. No wonder the Authority suffered losses of \$600 million between 1986 and 1991. Mr. President, which private sector investor will want to purchase WASA? I ask this because it is mentioned somewhere in the *Medium Term Policy Framework* where it states on page 24:

"In order to facilitate the attainment of operational efficiency, Government will make these subsidies transparent and will ensure payment for these services by making specific provisions in its fiscal accounts."

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I was looking for a particular area that I saw, where they want to encourage the private sector, in looking at public utilities, to invest or buy them over. I do not think any sensible person in the private sector will want to purchase WASA in its present condition. Surely, the Government must be joking.

Mr. President, the proposed reduction of financial support to state enterprises and public utilities promises to have the inevitable effect of job loss and, therefore, increased unemployment, given that T&TEC and WASA are being restructured in accordance with the conditionalities attached to the structural adjustment loan with the World Bank. The present industrial impasse by WASA employees emphasizes the need for improvement of the industrial relations practices by the Authority's management. The Government also needs to state clearly its policy as regards WASA and T&TEC. It is a well known fact that worker morale and productivity tend to slip when employees have a hatchet hanging over their heads such as in the case of WASA, where it is being rumoured all over the place that 1500 workers will be gone by March/April 1993. I am not surprised at the action that is taking place. While the WASA workers are taking their action, and disrupting the supply of water in various areas, they seek to hit the depressed areas like La Horquetta, Maloney, Belmont and some other areas more than anywhere else. But I am sure Valsayn and some other highly developed areas have water.

3.30 p.m.

While the population might be sympathetic with their cause, I think they should be very careful of the way they treat areas like La Horquetta, Maloney, Malabar and Arima in general. They will not get support from the masses if they continue in that way. There are already depressed and frustrated people living in those areas.

Mr. President, in addition, Minister Mottley made no mention of the debt owed to public servants in the budget speech, although, he stated in the *Trinidad Guardian* of October 15, 1992, that Government promises to pay public servant debt in good faith. Mr. Mottley, the public servants are still waiting on this "good faith".

Mr. President, in conclusion, the budget is a contradiction of terms. It is vague, it is a non-budget. It loudly announces the Government's concern for employment creation, but contains no realistic hope for job creation on a sustainable basis. There is nothing to encourage the economic growth and development that they speak about.

Mr. President, what is at stake is our cherished notion of democracy and social stability. If we reflect on the experience of our neighbour, Venezuela, it is clear that a concentration on economic growth to the exclusion of social issues, such as poverty and unemployment, is a dangerous strategy. From this perspective, I suggest that the Government take another look at structural adjustment policies that insist on reducing the role of the state and on the removal of traditional safety nets like subsidies for the poor. I advise this regime once more, do not ignore what is happening in Venezuela.

Thank you.

The Minister of Energy and Energy-based Industries. (Sen. The Hon. Barry Barnes): Mr. President, when the Minister of Finance presented the budget in the other place on November 20, he announced certain price changes for petroleum products. Immediately after the presentation of the budget, the necessary pricing order was signed and the revised prices went into effect at midnight on November 20. That is just to clear the air on queries that have been raised.

The retail prices that were changed—and these include VAT—were as follows: LPG, from 86.25 cents per pound to \$1.00 per pound. A 20 pound cylinder, therefore, from \$17.25 to \$20.00 and a 100 pound cylinder from \$86.25 to \$100.00. This is the VAT inclusive retail price. Kerosene, from \$0.89 per litre to \$1.05 per litre; Domestic gasoline, \$1.04 per litre to \$1.82 per litre; diesel, \$0.98 per litre to \$1.05 per litre.

Mr. President, immediately prior to this budget debate, this honourable Senate had the opportunity of debating the revised petroleum taxes. Therefore, this Senate had the opportunity of going—fairly thoroughly—over some of the considerations and factors prevailing in the energy sector. One of the things that arose at that time was the question of the petroleum levy/subsidy, and the change that imposed a three per cent limitation on the levy that would be charged on the producing companies. That is to say, Trintoc, Trintopec, Trintomar and Amoco.

That three per cent cap on the levy creates, in effect, a limit on the total quantum of subsidy that the companies and the Government will share. If the subsidy goes beyond that three per cent cap, then, either that extra piece of subsidy has to be afforded directly by Government, or alternatively, petroleum product prices would have to be adjusted to reduce the subsidy within the three per cent cap.

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Let me remind this Senate—because we have talked about this—that the subsidy in 1991 was \$149,947,000—nearly \$150 million—but in 1992, to date we are looking at a subsidy that is averaging \$8.1 million per month. Over the Christmas season the volume of petroleum sales is likely to increase but, nevertheless, we are looking at a level of subsidy for 1992 of about \$97 million. On the basis of the adjustments that we have made on those product prices—and subsidies are very difficult to estimate since there are too many variables, there is the ex-refinery price, that is, Caribbean posting; the actual volume that is traded—we are saying that we are looking at a level of subsidy of \$68 million for 1993.

Mr. President, let me remind the Senate that the biggest proportion of that subsidy is still on motor gasoline. That is because motor gasoline at about 9,000 barrels per day, virtually is one half of the domestic petroleum offtake. Government has said that it is committed to introducing CNG as an alternative motor fuel. As you know, we now have three CNG stations operating. We had hoped to have 10 additional stations operating by the end of 1992, but what with the need to go out and look at available equipment and to go through tenders and selection procedures. I am informed by NP, and I can now say that the equipment for two stations will arrive by mid-December, and nine others will arrive during January and NP now expects to have those 11 stations completed and operational in March, certainly before April 1.

I say this because we have had conversions to CNG taking place. At the present time CNG offtake is about five times what it was in 1991, but it is still a slow rate of conversion. Part of the difficulty, in my view, is that we simply do not have sufficient CNG stations in place. As we develop the CNG network, one hopes that there will be accelerated conversion and that the reduction in gasoline will, in fact, reduce the level of subsidy that is currently being paid on gasoline. I remind the Senate that the CNG price of \$0.90 per litre is a full commercial price, but the gasoline price of \$1.92 per litre still has a substantial subsidy.

I do not think I can depart from this particular area without speaking of the price increases on two of the products. Firstly, LPG. I think it is fairly common knowledge—and, indeed Sen. Carol Mahadeo raised a question about certain reported difficulties that were appearing in the distribution of LPG; the quality of the cylinders, bottles etc. The Ministry itself, has had a number of letters complaining about the appearance, and by extension, the safety of the cylinders.

There has been an extensive investigation and what we have found is that there are three filling plants being operated by experienced, responsible businesses

that have been long in the LPG business. We are reasonably satisfied that they are taking all precautions to ensure that there is no question of defective bottles leaving the plant.

3.40 p.m.

However, as we all know, bottles and cylinders come in for very rough handling throughout the distribution chain. Over a number of years we seem to have become less concerned about the fact that this, after all, is a marketing operation and the package has to look reasonably attractive, self-secure, as if somebody is looking at it and taking care of it. We found that in fact, because of the shrinking of their margins things like painting the cylinders, were no longer taking place. More than that, somewhere in early 1991 we apparently lost the only cylinder and bottle manufacturing plant in Trinidad. It was closed down; it was apparently dismantled, containerized, and sold elsewhere. So that we are without a manufacturer of cylinders and bottles at this time in Trinidad and Tobago.

That is one area of concern but perhaps equally significant was the fact that for safety reasons, all repairs to defective cylinders were being done at the manufacturers—making sure that the welding was the right welding. It was being done by the manufacturers so that at this point in time, we do not have in Trinidad and Tobago any company that either manufactures cylinders or in fact, repairs them. We believe this is not a satisfactory situation. National Petroleum is now moving to put in place a company that will undertake the manufacture of bottles and cylinders sometime in 1993. In the meantime, we are relying on importation of bottles and cylinders.

This has added to the pressure in the market place so that in fact, we are being told that the turn around is so fast that the filling plants have not got time to do the necessary maintenance, which we do not accept. I am merely saying this, to emphasize that National Petroleum is involved and there are three plant operators involved, again, I repeat, responsible people. We believe that having relieved the pressure on their markets we can now work together to restore the kind of order that all of us would like to see in the LPG distribution.

I will now touch on domestic gas, essentially because it came in for a bit of stick in the other place. Out of the 211 stations we have in Trinidad and Tobago, five carry domestic gas at present. It is a product that was popular at one time in the old days when we had Coleman gas lamps. With electrification it has really gone out of style. In the last increase in prices of motor gasoline we left domestic

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gas behind and we got a number of plaintive letters from people who require domestic gas bringing our attention to the fact that they have been buying at Cross Crossing for the last 30 years and when they go now they cannot get because the motor cars take all.

NP put in an old-fashioned marketer's solution. They took off the hoses and put on three feet hoses that could not reach the gas tanks. We thought that would have resolved the problem, but it did not. Eventually, we realized we had to remove the incentive and bring the domestic gas price more or less back to the level of regular price to reduce the motorcar gasoline demand. Let me make the point that domestic gas is not a motor fuel. The octane No. is 68/70, the distillation range, the boiling range is unsatisfactory. It will give you vapour lock, but no doubt there are a number of motorists who have friends in the refinery lab who can tell them what blend to make for it to be reasonably safe as a motor fuel.

I am particularly concerned to see that in 1969, when the Petroleum Act first came in—historical: Regular gasoline—TT 80 cents per imperial gallon; domestic gasoline—TT 80 cents per imperial gallon. The people in 1969 were smarter than I was, but we have corrected that and have put the price back where it should be.

We have dealt with the price adjustments that have taken place in the market place. We have talked a bit about the subsidy and we therefore need to go, perhaps, to a wider consideration of the energy sector, particularly in terms of an annual budget, where revenues are very much the consideration. We have to understand, and I think all of us understand, that revenue really comes out of your current production and not out of exploration effort that may yield barrels down the road. You are talking about your current production.

Senators will remember during the petroleum tax debate that we laid on the Table a profile of what had happened to our oil production over the last 10 years. In 1978 our production peaked at 228,000 barrels a day, in 1992 we are at 136,000 barrels a day. Our land fields are more than mature. Trinmar is more than 20 years old. AMOCO East Coast field was first found and declared commercial in 1969, and came ashore with crude production in 1972. The fact of the matter is that we sustained production or, to put it differently, we reduced the natural rate of decline which is just about 12.15 per cent per annum simply by working very hard on workover, on secondary methods and indeed, on doing additional drilling where such opportunities exist. In order to maintain the level of production or to reduce the rate of decline in the short term we made a number of concessions in the readjustment of the petroleum tax.

The Minister of Finance, pointed out that of the \$150 million concession that was made, about \$115 million was going to the land operating companies because that is where the real effort in secondary recovery has to be made.

3.50 p.m.

Senators will also recall that there were special concessions made in respect of heavy crude. Again, as we know, that is a project that we are currently embarking upon. If we can leave the current production for the time being, and recognizing the natural decline rate which we are talking about, then if there is any reduction in effort, the natural decline will continue.

In fact, I have here one of the World Bank's studies that was projecting a production rate of 117,000 barrels for 1990. We are doing a little better than that, which means in fact, that in spite of our natural decline rate, that some effort has been made to maintain the level of production.

Sen. Capildeo: Thank God.

Hon. B. Barnes: Thank God, yes.

More importantly, the development and improvement in exploration techniques; the development of 3D seismic; aerial magnetic surveys and state of the art technology have made it possible and made people willing to come and look at some of these areas again, in the case of Trinidad, looking at the deep horizons. Off the East Coast, we have Amoco—and I think we all know that—getting ready to commence deep tests. They brought in the Rowan Gorilla 4, a big rig which goes down more than 15,000 to 16,000 feet to do certain deep tests.

On shore we have the Southern Basin Consortium. Just for the records, because it seems to have been overlooked, Exxon, Chevron, Total, and a local joint venture, formed by the two companies Trintoc and Trintopec working as one. In that operation, they have completed the seismic survey of the whole of the Southern Basin. To put it mildly, you take a line across the island from Manzanilla to San Fernando and everything south of that line is the Southern Basin. They are doing their assessments.

In fact, I might as well say, having got the seismic reports, they have the advantage, because where there are anomalies and things which they do not understand, they can actually get well data—Sen. Rooks will understand—from wells that have been drilled and they can place it in, so that they know that the fault has folded and gone under itself, et cetera which is helping their

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interpretation. They have made a presentation to the Ministry of Energy and at the end of it, I was delighted. Our own people were there as well, Trintopex, Trintoc and everybody else.

At the end of it, they are saying that the way this is being done, they are confident that in years to come, universities teaching geology are going to take this exercise as a case study to show their students how the thing should be done. They also made the particular plea that the pace of development should be determined by the technical requirement. They are confident and progressing. At the present time the proposed commencement of actual drilling will be some time in September, 1993.

Let me make the point—Sen. Wade Mark asked the question—that of 17 wells drilled off the East Coast, by Amoco over the period, seven found, 10 were dry. The fact that the search is going on does not necessarily mean that we are going to find, but what we are saying is that, if we cannot encourage people to come and look, then, what we are left with is 136,000 barrels per day, and even with all the effort we are putting into it, we know that it will continue to decline. Encouraging new exploration is necessary if we are to have any real hope of revitalising the oil petroleum sector.

Sen. Mansoor raised some question as to the presence of a PSIP for the energy projects. As you know, even on our side we had a little difficulty with it. If the companies had gone ahead and borrowed the money from commercial banks, it would not normally have come to Parliament in front of—I am not trying to argue—but, perhaps we better just say what those projects are again so that we would understand.

Let us make the point starting with the refinery upgrading. There are a number of us here who know that we have been talking of refinery upgrading, not talking, but looking and doing analysis and projections since 1976, I think. The files can stretch right across from one end of this desk to the other. What happened to us in the mean time? The international world was not waiting for us to make up our minds. They went ahead and changed their product specifications.

Today, in Trinidad and Tobago, we are running 9,000 barrels of leaded gasoline. On this morning's news, I heard the petroleum dealers in St. Lucia complaining about their margins and about the margin on unleaded gasoline. Unleaded gasoline is in St. Lucia and Jamaica. It is not in Trinidad because our refineries as they stand, cannot make 9,000 barrels of unleaded gasoline to supply

this Trinidad market. They cannot make the sulphur specification on gas oil that will be required in 1995.

Even after the upgrading, they are going to be producing a 2.2 per cent sulphur fuel oil from that refining complex that we have down there. This market can only provide opportunity and market for 18,000 barrels per day, and even less when the CNG takes off. Our Venezuelan friends are talking about defensive investment. They are saying we are not looking at pay out and earning power, *et cetera*. We simply have to spend this money on our refineries to stay in the business.

In Saudi Arabia, they are consoling themselves that they do not have to upgrade all their refineries, because they have a sufficient fuel oil requirement to allow them to leave some of their refineries without upgrading. What I am saying is that we are talking very seriously about 1995. It is either we are going to stay in the refining business, in which case we are going to have to upgrade our refineries, so that at least they can meet the products specifications in the international market place. More important than that, is that having undertaken the project and having said that we really have to go that way, and particularly recognizing that it is borrowed funds, it seems to me that for all our sakes, we have to make sure it is done right.

4.00 p.m.

The second project is a heavy crude project. The Ministry's figures say that we have 500 million barrels of heavy crude onshore. If we go offshore, we are talking about 2 billion barrels of heavy crude deposit reserves. It is in fact the biggest petroleum reserve that we have in Trinidad that we know about. It has been there a long time, and we have looked at the economics of it for a long time. Quite honestly, even at this time, even with the special concessions that have gone into the current Petroleum Taxes Act, the thing is, at best, marginal.

Drilling of 15 wells will commence in the Forest Reserve area in mid-1993 and project completion is expected in 1994. In the Point Fortin area, location preparation will commence in the second quarter of 1993. Drilling of 86 wells will commence in the fourth quarter of 1993, so we are talking about drilling 101 shallow wells, and we expect to get a production of about 5,000 barrels per day.

Let us understand what we are talking about. In a way, it is marginal. If as a result of that you can, in fact, open up 500 million barrels of reserves, the optimists among us will say that is the way to go. It is a start and perhaps some of

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us who are younger than I am will live to see and reap the benefits. These are the projects we are talking about.

The third project is the Trinmar project. It is a waterflood, secondary recovery; offshore. Not only have we got our borrowed funds into it, but Texaco, as a partner in Trinmar, has invested in it, if that is any consolation. One thing is certain—and I said this before—Texaco is determined to make a success of it because it has put its money into it. Now we must remember that our people have experience in onshore waterfloods, not off-shore waterfloods, and particularly in such a sensitive marine environment as the Gulf of Paria—Texaco has asked to bring nine of its experienced people to ensure that everything goes right. I ask the question again, Is Texaco's interest in this waterflood project different from yours and mine?

We all need to see the project succeed. It has begun; in a way we cannot draw back, and much more important, in my view, is to ensure that each of these projects is carried out as efficiently and correctly and on a timely basis as we can possibly do. *[Interruption]* I spoke my heart out on that.

Mr. President there is no expansion of the refinery. If you are going to upgrade an existing refinery of a particular size—one has to remember that the Pointe-a-Pierre refinery was at one time 350,000 barrels per day capacity. So, you have got a No. 2 hydrotreating unit and a No. 4 distillation unit that has a particular design size, and there is absolutely no way you can upgrade one-quarter of it or one-sixth of it. You upgrade what is there or you do not upgrade, and that is what determines the size of the operation. So that, you in fact have today 220,000 barrel capacity there and you are going to finish with 160,000 barrel per day capacity. The problem, as we have talked about it, is that at the present time we are looking at 75,000—80,000 barrels per day of crude which is all we have to go into that refinery. That is the real problem.

There are several ways of making up the shortfall. You can go out into the international market and buy 80,000 barrels per day of crude, if you have the money and I do not think we have. You can go out and do as we are doing now, have 70,000 barrels per day of processing coming from Venezuela on a fee basis, but in fact, you really need to be able to do that consistently for a 12-year period and I do not think it is possible. Alternatively, you can go out and find a partner who has a processing requirement in the Caribbean and who will bring to the project the crude, the secure market outlets and support for the financing and

technical operation of the refinery. *[Interruption]* It is not a divestment. In fact, it is an investment. *[Interruption]* No, it is not.

Let me make one final point. At the end of this upgrading exercise, we still have 23 per cent of our barrel as fuel oil. The typical US refinery with which we will be competing has about six per cent of its barrel as fuel oil.

Let me deal with another matter which was taken up here—Trintomar. In the other place I had to speak at length on the subject of Trintomar. Here I will start by saying that I was gratified that Trintomar's insurers, in November, settled its insurance claim and paid Trintomar, in full, for the accident which occurred. I will merely say, for the benefit of this Senate, that the insurance policy that Trintomar had, any sabotage would have negated the insurance. The payment was TT \$41 million.

Trintomar, as we all know, was formed by three shareholding companies to develop the Pelican Field on the basis of borrowed funds of US—\$125 million and with \$31.5 million shareholders' equity with an undertaking, by December 1991, to have six wells flowing, 150 million cubic feet per day and to close off 740 billion cubic feet of reserves under the platform.

4.10 p.m.

In December, 1991, at the time of contracted project completion, Trintomar had drilled eight wells. According to the Ministry's figures, instead of 150 million cubic feet a day, it was producing 14.51 million cubic feet. Trintomar was in default of the loan contract obligations. Moreover, it was also in default of its contract to supply the NGC at 150 million cubic feet per day and the NGC was scrambling to secure additional gas from the East Coast to maintain its own contracts with Point Lisas.

Trintomar was authorized to drill three additional wells, Nos. 9, 10 and 11. Nos. 9 and 10 came in, but No. 11, unfortunately, was dry. By the end of June, 1992, Trintomar was able to produce 49 million cubic feet a day and was able to prove up 205 bcf of gas reserves. It was still in default.

Added to that Trintomar's gas production is declining, as we expected it would—the reserve is not big—and is down to 39 million cubic feet a day now.

The Pelican Field was one of four in the SECC area. By the end of June, it was abundantly clear that Trintomar, obligated as it was to the bankers—in fact, it still owes US \$94 million—had no capacity whatsoever to develop the rest of the SECC.

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But exactly the same considerations that suggested and dictated the development of Pelican in the first instance, continued to apply.

Accordingly, the Trintomar shareholders were authorized to go out and find a company that would be prepared to accept a farm-out of the rest of the SECC, to bring it into as rapid a development as possible. For obvious reasons, for reasons of timing, et cetera, it was, in a way, a selective tender.

Trintoc was in a joint venture with Pecten offshore, that was just being completed and Trintoc invited Pecten's participation; trintopec was in a joint venture with Mobil in Carambole I. Mobil's attention was invited; NGC, as you know, is in a joint venture with Phoenix Park with Conoco. Conoco was invited; and Enron was in discussions with the NGC on certain other possibilities, including building an MTBE plant. In a way, they asked to be allowed in.

Now, Enron is not a new company—I have the data here. It is the leading US gas operator, operating also in Canada and Europe. It is a gas and oil company rather than an oil and gas company. Enron has been concentrating on gas, it owns gas pipelines and gas producing fields. It prides itself on being the low cost gas producer in the United States. There was nothing hidden. It has the data on Trintomar and SECC, it has the logs, such as they are, et cetera.

Enron has undertaken the obligations for the development of three fields, not four—Pelican remains with Trintomar—on exactly the basis that SECC has undertaken with the Government in terms of royalties, et cetera, plus a five per cent overriding royalty for the SECC shareholders.

Sen. W. Mark: Which three?

Hon. B. Barnes: Oil-bird, Keskidee and Ibis. It further undertook to use the existing Pelican platform, processing through it on a fee basis and to make a commitment to bring gas ashore for supply to the NGC in exactly the form that it was with Trintomar.

Sen. W. Mark: At what price?

Hon. B. Barnes: Well, I have read some figures in the newspapers and I have to get very severe with the bright young men of the Ministry of Energy when they mutter about advanced senility. Because they may be saying that about me next, so I tell them we are not having that.

Sen. W. Mark: What was the price?

Hon. B. Barnes: The price is identical with the price that Trintomar had undertaken under the contract. Enron is fulfilling the Trintomar contract to supply the gas.

Sen. W. Mark: Mr. President, if the hon. Minister would give way, to just clarify a point for us. Why is Enron focussing on the Keskidee Field, when the evidence shows that is an uneconomical and marginal field? Could you clarify for us?

Hon. B. Barnes: Mr. President, I do not know where Sen. Wade Mark gets his economics, but be that as it may, there is an undertaking to have gas ashore by the end of 1993 and there is, therefore, the question of tying in with the existing platforms, et cetera. The thing is going to be done in two phases. The first phase, incidentally, carries a total 3D seismic of the area, not merely the three fields, and I am very gratified with that. It is going to do a 3D over Pelican, as well. I, for one, am very interested in the results of that. There has to be a remaining question, over—well, I think we all know—the location of the Pelican platform, et cetera. So this will come out.

Mr. President: You have already used up your first 45 minutes.

Hon. B. Barnes: Good lord, and, Mr. President, I have not even started.

Phase I of the project, estimated to cost US \$50 million, will comprise 3D seismic work, installation of one platform at Keskidee Field, drilling of three wells in Keskidee Field—only three, laying a pipeline from Keskidee to Pelican, all by the end of 1993. The fact of the matter is that the NGC requires the gas ashore by that time and it happens to be the most convenient way. The contemplated investment is US \$250 million to be extended over a five-year period for the drilling of 30 wells.

Now, let us understand that the original SECC shareholders, during the exploration phase, spent US \$73 million—that is, Texaco, Shell, Trinidad Tesoro—and found four fields, drilled 10 wells, and virtually hit gas and condensate in each well which they drilled. Which, in fact, is quite a high rate of success. The indication is that, certainly as a gas condensate field area, it is good.

We are now going to have some very modern seismic work going over that area and a company with \$10.2 billion in assets, with considerable experience in gas production coming and saying "we will do that and we will meet that deadline".

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I need to wrap up by saying, additionally, because we have not even really talked about gas, that one of the things that I would want to ask Senators to consider, is the reality of the market. So that if you have a barrel of East Coast crude oil, valued at \$20 a barrel, the market value of East Coast gas on a barrel of oil equivalent. In other words, so many BTUs in a barrel of oil, and the equivalent amount of gas to give you the same number of BTUs is about \$5.50. So a barrel of crude, \$20; a barrel of gas, \$5.50.

The Ministry has given out exploration licences and the people that come to explore—and this is what has been going on—set up, negotiate and respond on international tenders and we have, in the past, said, royalty 15 per cent or whatever, and it is one royalty. The companies accept that, because when they commence their exploration, they are interested in finding oil. When it turns out that they find gas, the royalty rates that have been set and have been accepted, in anticipation of oil, make any production of gas uneconomical. That is why we have, right across the North Coast, a whole bunch of gas fields and several licensees, Marathon, British Gas, et cetera, but these companies are just sitting and folding their hands.

To get SECC to produce—and it was not this Government—in 1989, it was necessary to reduce the royalty rate on the gas to get them to produce it. Everything that we are doing is in the PNM manifesto, and you will see, also, in the Draft Energy Policy which you will see—

Sen. W. Mark: When is that coming?

Hon. B. Barnes: I should not tell you, but it is coming back from the printers tomorrow.

Sen. W. Mark: So are we getting it next week?

Hon. B. Barnes: I do not know that.

Mr. President, the Amoco exploration arrangement was done in 1961. As far as I know, Trinidad and Tobago was not even an independent nation then, but be that as it may, the 1969 Act is intended to safeguard people who have come and negotiated exploration licences from having the terms of trade twisted against them *ad lib*, at whim, at fancy. I am merely saying that the Act says—

Sen. W. Mark: Change it! Amend the Act!

Hon. B. Barnes: With respect, apparently we cannot change any Act for as long as—never mind.

Section 63 states:

"The Minister, upon the prior approval of the Cabinet, may reduce the rate of royalties specified in the licence for any period if such reduction is found necessary in the public interest."

Sen. W. Mark: Of course, that is why you should change it.

Hon. B. Barnes: Right. But it says "reduce", so if you want it reduced from TT 1.5 cents per mcf, I am sorry, I do not think it should be reduced any lower. *[Interruption]*

Sen. Spence: Mr. President, for those of us who are not quite as knowledgeable of the oil industry, I have been trying to follow very carefully what the hon. Minister is saying.

Have I understood him to say that it was a good contract that was signed last year or not? Because from the answer he has given, I am supposed to deduce his answer, but could he say it in more specific terms?

Hon. B. Barnes: Mr. President, it would appear that I may have misled Sen. Spence. I was not particularly talking about the contract last year. But I will deal with that.

The contract last year was signed between the National Gas Company and Amoco. It came about very simply: Because of the failure of Trintomar, the National Gas Company found itself unable to supply gas to the companies to which it had committed under contract. It, therefore, sought to get additional gas from Amoco. Amoco was able to supply the additional gas, for some time, at a higher than contract price.

When it became abundantly clear that Trintomar was not going to meet its commitment, Amoco said, "If we have to continue at this level for some particular time, we are going to have to do two things: We are going to have to put in a 16-well platform in the Immortelle Field but that can only be done by the end of 1993". But the problem is now, and early 1993. So they then decided on the two-well platform in the Flamboyant Field, and some people have made such a fuss about that. It was at the request of the National Gas Company to get 80 million cubic feet ashore by the end of 1992, with the big 16-well platform to go in time to produce the gas in 1994.

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On that basis, we are talking about a genuine TT \$1.2 billion of investment and Amoco is saying that to do this, it needs a commitment that this level of gas that you say you want will be taken for a long-term period so that the investment can be amortized over the period of the contract.

The advantage for NGC was that, once they signed the contract, even the incremental gas that they were buying at a higher price fell back into the contract, so it fell into existing contract level of price.

Let me make the point: The timing was suspicious. In fact, I believe it was even commented on by our side, and Senators can be assured that, as Minister, it was suggested that I should have a look at that fairly early in my tenure of office. Senators can rest assured that I did.

Let me make the second point: That royalty is not for negotiation between NGC and Amoco. A royalty is enshrined in the exploration licence. But what every contract has is this: That any changes in royalty are to be reflected in the contract price.

Now, there is much talk about how much Amoco is going to get and how much we are going to get. And every time it is done, it is done on the basis of the royalty. But here you have a situation in which all the gas goes to the National Gas Company, who can tell you exactly what quantity and, above all, exactly what price. This is a company that is obliged to pay petroleum profits tax at 50 per cent, and SPT. And a big chunk of Government's revenue does not come from royalty, it comes from the profit tax. *[Interruption]*

We are satisfied that, in fact—a categorical statement—the NGC/Amoco contract was a good contract in the circumstances that the NGC was. *[Interruption]*

Mr. President: The Minister has five more minutes, will Senators allow him to make use of them. That is allowing for some—not injury time—compensation.

Hon. B. Barnes: Be that as it may, there are two things. We are, in fact, actively working to expand the exploration interest. Right at the moment, Unocal is in the Ministry of Energy and we are hoping to finalize the terms of the exploration licence for an exploration effort in Block 89-3, starting with seismic. If the boys can do it, we will have that going again very early in 1993.

We have talked about the Southern Basin. The Northern Basin has not been particularly prospective but we, nevertheless, have people who are wanting to come and have a look and we are doing everything in our ability to encourage

them to come and sign up, to undertake that same kind of search and analysis in the Northern Basin.

We genuinely see this as at least carrying the possibility that we may be able to find oil in what are, in effect, new areas, new horizons, deep horizons, as it were, virgin oil fields. *[Interruption]* But Sen. Wade Mark can only prove his manhood with the valour of his tongue. Shakespearean!

On the other side of the equation, of course, the massive reserve is the gas reserve and we need to do two things and we have charged the National Gas Company with doing it. We have, first of all, to find the uses, the plants and the investors to build the plant and to create the market for the natural gas. That will allow an acceleration of the production effort and putting in of a new platform. There is much gas out there.

In the other place, the Member for Oropouche questioned whether our assessment of the gas reserves is still valid after the Trintomar experience. It was a good question. As the Minister of Energy, I have gone to all the players in the gas area and asked whether they would help to fund a comprehensive and independent re-assessment of the gas reserves of Trinidad and Tobago. I am delighted to say that, with one exception, everybody has come back and said they would very much like to have that and with a little bit of luck, we can put that together in 1993.

We are now saying that the proven gas reserves is 8.5 trillion cubic feet, with 14.5 trillion cubic feet possible. We have assurance from many experts that if we really put our mind to it we can at least double that.

I think I have said enough, so I will sit down.

Mr. President: The sitting is suspended. The Senate will resume at 5.00 p.m.

4.35 p.m.: *Sitting suspended.*

5.03 p.m.: *Sitting resumed.*

Sen. Diana Mahabir-Wyatt: Mr. President, the annual budget that we are looking at is drawn up by the Minister of Finance to mark out Government's policy guidelines which are going to be put in place to meet the Government's goals for national development.

I would like to congratulate the Minister of Finance in his absence—the absence of both himself and Hon. Valley—on his presentation of the 1993 budget.

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I think, against considerable odds and in light of an extremely difficult fiscal and monetary situation, it does seem that the budget is seriously addressing some of the problems which the Government has set out to tackle, and it is doing so, I think, in a serious and responsible way.

Although the budget does not seem to be addressing too many areas of growth and it appears to me in some ways to be contradictory, at least, it does grapple with certain basic areas that I think have to be grappled with before we can go on to do anything else, for example, trying to balance revenue and expenditure and to get to the debt servicing problem which is an unavoidable fact of life these days, since our various governments in the past chose to go the way of World Bank loans, as indeed, according to the Public Sector Investment Programme that we have before us, this Government intends to do as well resulting in a 30 per cent increase this year alone on debt servicing.

I think that, by and large, the budget is a responsible one, but I have a great fear that some of the assumptions that this budget is based on may have been over-optimistic. I think also that certain of its provisions are going to have some very troubling social consequences. What happens, for example, if some of those extraordinary estimates of revenue increases expected from VAT, and the sale or divestment of various properties do not materialize; if the students, for example, as Sen. Mansoor pointed out, do not suddenly repay the loans which they have not been paying over the last 10 or 20 years? It could be that the Government has knowledge which the public does not have—I certainly hope it does. I am deeply worried about what is going to happen if what I see as a possible over-optimism does not bring about the results expected by the framers of the budget. If revenue falls short of expectation, one of two things would happen: either, one, they will have to cut back on expenditure; or, two, moneys have got to be found somewhere to replace the shortfalls in revenues.

The Minister of Finance has indicated that they would be honouring selected borrowings next year. This is something that I am partly in agreement with. Indeed, I wish there would be a complete cessation of further borrowings, especially since in 1992 this country faced a debt service bill of \$2,376,600,000 up from \$264 million in 1982; that is an increase of 900 per cent in a bare 10 years. Government's borrowing last year of \$1.186 billion was higher in 1992 than at any time in the history of Trinidad and Tobago with the exception of 1987, when for that year alone it was almost \$2 billion.

I realize that it is unrealistic to call for a halt in borrowing because it is just not going to happen. Therefore, a tight restriction on borrowing until we can move to growth position is the next best thing, but, as I said earlier, if the shortfall does not pull in revenue, it is going to have to be made up from somewhere. This is when I really start to worry. Where is the shortfall going to be made up from? If we are not going to borrow and we are going to be very restrictive in borrowing, the cut back in expenditure looms very large and the results of cut backs in expenditure, as we have seen not only in Trinidad and Tobago but in various other countries that were in similar positions, looms large and ominous, and, from experience, it seems as though those cut backs mainly come on social matters or matters that affect social issues rather than on capital programmes.

Mr. President, there are only three issues which I want to address in this budget because I think that the other issues are being well covered by my various colleagues. The first one—and perhaps because of having spent over 25 years in this particular business—has to do with industrial relations.

I agree with the Government's policy of demanding that state enterprises be self-sustaining. It is an objective which, I think, in today's world could leave this country much better off than it is now. One of the things that it should do, if it works, is to ensure that people in state enterprises are much more cost conscious than they seem to be at the moment. It is unlikely however—and I think that Sen. Ainsley Mark has recognized this very gracefully—to be the sort of objective that anybody can achieve in one fell swoop.

I note, for example—as other speakers have done before me and I am sure other speakers will do after—that WASA's subvention has been reduced from over \$50 million to \$15 million, a draft of about \$35 million. WASA may not be the most efficiently run organization in the Republic—it certainly is not—but it does have certain levels of viable expenditure which are going to have to be made. Where are these revenues going to come from? Where are the shortfalls going to be made up from?

It has been suggested—and I believe it was in today's or yesterday's newspaper—that WASA should borrow from commercial banks. Mr. President, if you were a commercial bank, knowing WASA's track record and its present state of non-stabilization and its drop in revenue, would you lend WASA money? I doubt it. I do not think I know any banker who would. If you were a potential investor, would you want to invest in it? I doubt that, too. With WASA's enormous debt, there is no point in even asking if anybody wants to buy into WASA.

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I do not know what reference Sen. Mark was referring to, but I certainly cannot see any business organization that I have ever come across being willing to take on a project like WASA on a private basis. I am sure that everybody in this country would like WASA to become self-sufficient.

As for its estimated revenue for 1993, that comes to \$237 million; \$75 million more than 1992. That is a big leap and it is a lot of revenue. The bulk of this, according to what I can figure out from these endless piles of orange covered documents that we have, will be coming from metered water supplies.

5.10 p.m.

If the meters are available, and can be installed in time if, indeed, it is a feasible expectation for revenue, I think it is very commendable. But even with that, the estimated figures still assume a deficit of \$55 million and this has nothing to do with the current controversy about industrial relations.

Mr. President, WASA is more than just a business, it is an essential service and it cannot just fold up, even after years of mismanagement or years of a padded payroll. We just cannot do without it. Water is survival for most industries—for agriculture, tourism, health services; for people. If WASA folds up the country folds up, literally. It is not just an economic problem, it is a social problem of extremely serious proportions and, with the best of respect to the team of experts who have been brought in to run WASA—and they are all competent people—they are not magicians and with the greatest respect to Minister Marshall, he is not a magician either. So we have an extremely serious situation and it is going to get worse.

I see PTSC's account projected and estimated income is just short of \$30 million from passenger income. Total expenditure of \$129 million. Now its subvention was also cut by \$60 million. What is going to happen to PTSC? Will it be able to borrow from Republic Bank or from the Royal Bank? Will anybody want to run it as a private company so that it becomes profit-making like Greyhound in the States? I gather Greyhound is a very profit-making organization. But with PTSC's accumulated debt, would you buy it over, Mr. President? Would anybody here buy it over as a business proposition? If not, what is going to happen when the cost-cutting measures that are going to have to be applied, are applied? WASA has 2,376 employees and I can go on.

The budget speech reflects the Government's intention to rationalize the oil industry and this, Mr. President, I think we all agree to be necessary, if the petroleum industry is going to play the part that we expect.

After Sen. Barnes' brilliant address, I think that we all have a lot more faith that it not only can, but will do so in the development of the country. But, Mr. President, what worries me is not the potential of the petroleum industry. Sen. Barnes has, I think, chased away any ghosts that most of us might have in that regard. What worries me is that Mr. McLeod of the OWTU has stated on a number of occasions that the announced intention of Government to seek joint venture participation in the emerged company will not be tolerated by his union.

Now the OWTU has shown us all what an extremely powerful organization it is in this country. Its latest strike action which included violent battering of those who dared to continue working, leave the country with the picture of the Prime Minister playing cards in the strike camp and the Minister of Labour intervening in the dispute, with the result that the union won concessions that it had never been able to win before in the history of its arduous dealings with a nationally-owned company.

Now you cannot get more powerful than that. Or maybe you can! The trade union movement, Mr. President, gives every evidence nowadays of being very united and solidly behind NATUC. Union after union, having learnt from OWTU, perhaps, is making it quite clear what it will and will not tolerate from the Government. All you have to do is pick up a recent paper to see. WASA workers are doing it; the PSA is doing it; the Port workers are making noises; BWIA pilots are right in there; sanitation workers in south; police officers in north. Every day we have another indication from another union, from another labour organization, as to what it will or will not tolerate.

Now I am not discussing, at this point, the merits or demerits of what they are arguing. I do not think this is the time or the place for it. But, Mr. President, what I am pointing to is that the effect of certain provisions in this budget is going to be to exacerbate what is already an extremely inflammable industrial relations situation; and I do not know if anybody in this Government is making the linkage. I get the feeling that there is no actual realization of what is really going on in terms of industrial relations and the effect that this budget is going to have on the industrial relations situation in this country. The unions appear to be grimly at one in deciding how they are going to deal with the social outcomes of this budget—at least all their public utterances indicate so.

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Unless the Government knows something that the rest of us do not—that there is a magical someone somewhere who knows what to do when the confrontation that is already brewing really breaks on us—this budget and the *Medium Term Policy Framework* are going to result in some very serious consequences. It just seems to me as though people, who understand what is going on, are afraid to tell the framers of economic policy what the truth is and that worries me.

The second area, Mr. President, that I want to speak about has to do with employment. The Minister of Finance, today in his budget speech and also Minister Valley spoke very movingly, both of them, about employment. The Minister of Finance said that he was aiming specific programmes at the alleviation of unemployment amongst women and young people.

Mr. President, I am, of course, extremely happy about this because this addresses two of the population's groups about whose survival I am most concerned. In Trinidad and Tobago there is really no one to take care of women and young people. The people who are the poorest, the least educated, the least employed and the most exploited and most lowly paid when they are employed, are women and young people in this country. That the budget speech clearly states its intention to improve this situation is gratifying.

Unfortunately, Mr. President, the Minister of Finance made virtually the same statement last year. What were the employment programmes that were put into place? Well, there was some construction in which women were marginally employed, if at all; and young people are very marginally employed also. There was a great increase in the LID programmes where the same is true, in terms of employment of both women and young people.

5.20 p.m.

What are the employment generating programmes in this budget? Well, there is some construction, and the LID Programme is, again, being expanded; and a rather undetailed reference was made to apprenticeship programmes.

Mr. President, apprenticeship programmes, in this country have very rarely benefited women at all. In the past, there had been some benefit to young people in them, but it does once more leave the whole question of women's employment, and the improvement of the status of women, entirely up in the air. I said last year when we were talking about employment that I do not think this is being done deliberately. I do not think that there is a plot against women in this country. I think the framers of the budget, and the programmes that derive from it, are

largely men and they just do not think in terms of the importance of the employment of women.

In terms of single parent households in this country, the vast majority of single parent households are, in fact headed by women. The hon. Minister Valley referred in his speech this morning specifically to single parent households. He spoke about:

"...spending on myriad social support programmes including social assistance for single parent households."

Mr President, it does not help people to hand out doles or grants and make them continuously dependant on handouts. What single women who are responsible for children need, are jobs, so that they can be independent and have some pride and dignity. I really do not see anything in this budget, so far, that is helping that situation. There are words, but there is not very much that is specific. That concerns me very deeply. I feel as though it is just a repeat of last year and we are going to see the same situation at the end of 1993, that we are seeing at the end of 1992.

The third thing I would like to speak about has to do with a specific provision in this budget which I regard as an act of injustice. This has to do with the cutting of the subvention which has been given to Servol, a community development organization which has done more to improve the status of unemployed, disadvantaged and often learning-damaged young people in this country—that the young people in Government programmes do not get to—than any other organization in the country.

It was the model on which YTEPP was originally based, although YTEPP has strayed far from the Servol system. With a fraction of YTEPP's huge \$57 million World Bank loan, Servol, for 20 years, has managed to be extremely effective in helping young people in this country, who are dropouts and have no hope, it helps them, not only in teaching vocational skills, but it helps in building their self-esteem and attitudes which promote good citizenship, good family relationships, and spiritual growth. Having done that, and made them stable, employable people, and very often employed, it also has a sister programme which enables them to take loans and get guidance so they can go into business themselves.

Mr. President, Servol has helped thousands of young people, who, without Servol, would have had no hope for any kind of life; no hope of becoming employed or well adjusted adults. It has worked in partnership with Government

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in doing so for the last two or three years, so that communities all over the country have felt that Government has been showing its concern for them through Servol. In fact, I was recently at a Unesco Conference in Chile, where I learnt that the Government of this country has developed an enviable reputation regionally in Latin America, the Caribbean and the whole of South America, precisely because of its innovative work with NGOs, and specifically cited was its partnership with Servol.

In fact, the Ministry of Education has given over its entire pre-school programme to be run by Servol. What has happened? This national budget has cut the Servol's budget for that same pre-school programme by 23 per cent. Now, every cent of the Government's subvention to Servol goes to teachers. Nothing goes to anything else. The actual provision of the schools, the plant, equipment and everything else is paid for by the poor communities in which these programmes operate under Servol. Government's subvention goes solely to teachers' salaries, so, every dollar that is cut means another teacher cannot teach and their schools have to close.

The budget for the training of young adults that I have just described to you in attitude training, vocational training, training for citizenship, family life and parenting, has been cut by 43 per cent. The teacher's salaries that Servol pays are a little less than half of what Government pays in government programmes for the adolescents. A very minuscule \$400 per month per person goes for the pre-school teachers. The balance of their salaries is made up by the communities.

Even with that small stipend, this Government that cares so much for young people and women has just put 104 teachers, 90 per cent of them women, many with family responsibilities; out of jobs, in one cut, with no warning. It has just ensured that 32 pre-schools and 11 training centres for young people that were established and built by poor people in their own communities, have to be closed.

I want to believe Government's intention with regard to women, and with regard to working with non-governmental organizations. There are a number of references to Government's intention of working with non-governmental organizations. I quote, for example, from page 41 of the *Medium Term Policy Framework: From Stabilization to growth 1993—1995* which talks about social sector policies:

"There will also be some reliance on short term employment programmes of a productive nature for which women and youth, in particular, will be targeted."

That certainly has not been realized in this instance.

"In addition, Government will further rationalize its social programmes to achieve better targeting of the programmes and cost-effectiveness in the delivery of social services. Closer collaboration with the NGOs will be pursued in these initiatives."

Mr. President, I really wanted to believe that the Minister of Finance meant what he said, when he appreciatively stated in his presentation of the budget speech:

"The NGOs have been doing such a magnificent job with their limited resources..."

What Servol has managed to do with its limited resources, I do not think any organization I have ever come across, could have done. What about the statement that Government has demonstrated its seriousness and its sensitivity? It certainly is not reflected in this cutting of a programme which has brought so much prestige to Trinidad and Tobago and so much help to so many people in this country.

Mr. President, the programmes which Servol runs for young people have been unusually effective. Independent evaluations that have been carried out have shown that students—and these are young people who do not have any schools to go to; they are dropouts, they are so damaged by the school system that they have not been able to go through it, with nowhere to go, branded as failures by the time they are 16 or 17 years old—having gone through a Servol programme, have significantly lowered rates of crime, and drug usage than do young people of similar backgrounds who have not gone through a Servol programme.

These programmes are going to have to be severely curtailed. Servol is at the moment, in fact, running a similar programme in Government correctional facilities for young delinquents, the Youth Training Centre where young delinquents are put by the order of the court. That is going to suffer. That will have to go.

5.30 p.m.

The programme that works with young recovering and substance abuse addicts will suffer as well, because of this budget. It is not very much money. We are only talking about \$900,000. What shocks is just the lack of sensitivity and the callousness—this from a Ministry where \$2 million has been allocated for a very vague and unspecified, and I quote:

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"consulting and other contracted services."

And that has been an increase to \$2 million, while the proven worth of a programme like this has been slashed and people are just going to suffer. I hope that Minister Valley will be so kind in his winding up remarks to explain to this honourable Senate, and to the country, why it is—although to my knowledge, no other jobs have been cut in the Government service in any ministry, as a result of this budget—that this particular programme from the Ministry of Education has been singled out to have 104 persons retrenched.

Medium-term plan or not, Servol has no corners to cut. I think that the Government sacrifice of this programme was either not thought through or, as with the case of the industrial relations situation which I mentioned earlier, it is just unaware of what the effects of some of the provisions in this budget are going to be. I do not know whether it is that nobody listens or people who hear just do not care.

This morning, I received in the mail an invitation to support a project called the 'Self-esteem Project' whose model is built upon Servol. It is a campaign to increase awareness among all citizens of Trinidad and Tobago of their actions and how they directly affect, either positively or negatively themselves, their families or communities. It is a non-governmental organization organized by some very senior people who are also very senior names in the PNM. I think it is a laudable organization. It is a one year project. I think it has laudable objectives. In fact, it has the same objectives that Servol has had for the last 20 years and has been carrying out very effectively. I hope this organization gets much support. I hope everybody supports it. What I am concerned with, is the lack of consistency between word and deed as shown in this particular budget cut.

I have been told—and I think perhaps all of us from time to time in this Senate get a sneaky suspicion—that this budget debate is a cynical exercise. That no matter what anyone says in this Chamber nothing is going to change. That in fact our words are so much strong wind. I would like to hope that this is not so. I would like to beg through you Mr. President, that the Minister of Finance, at least in this one small item, indicate the certain sensitivity and caring that has been so much a feature of the rhetoric that we have been hearing over the last year.

Last year the family planning budget was cut by three-quarters. The Minister of Finance, Minister Mottley, promised as he was winding up in his budget speech that he would try to find, that cut money, to bring it back up to its original sum.

He did not find the entire amount, but he did find some. I know it can be done. If it can be done in the family planning budget it can be done with Servol. In fact one-third of the budget was returned. What happened is the Family Planning Association's programmes had to cease. They had to lay off staff. To start up exercises is extremely expensive and very difficult after you have had a cutting away. What worries me about the Servol instance is that it is affecting and is going to disillusion a number of poor communities and poor people who have worked very very hard to get their centres going and to get their children into training.

Mr. President, I hope through you, that the Minister will in this instance not just give us words of assurance but actually do something to return to these people, what they have lost.

Thank you, Mr. President.

The Minister of Trade, Industry and Tourism (Sen. The Hon. Brian Kuei Tung): Mr. President, I would like to begin my contribution by first recording my own sincere congratulations to the Minister of Finance in his successful passage of the 1993 budget in the other place. To my mind, this budget can be considered to be one of the most significant that this country has had in recent years in light of its major thrust to move the economy from its extended period of adjustment and stabilization to a path of sustained growth. This will not be an easy process and its success, in my view, will be dependent on no small measure on the positive contributions which must be made by the various groups in our society. More particularly, developments in the trade regime will be of principal input in the achievement of the successful transformation of our economy.

I would like to confine my contribution to my own portfolio of Trade, Industry and Tourism. I am going to first talk a bit about trade reform and the role that the budget has had in helping advance the process of trade reform. Secondly, I am going to give some insights into four agencies that my Ministry has responsibility for.

With respect to trade reform, as you are aware, trade liberalization has been the main focus of attention over the last three years. Reform consists of a number of measures and I would list a few of them.

1. The dismantling of the negative list.
2. The medium-term tariff reform.

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3. The gradual elimination of duty-free exemptions.
4. Trade facilitation and a review of the administration in customs; and
5. The creation of assimilated free-trade status for exporters.

In terms of impact, the most important of these measures has been the removal of the negative list. This arises from the fact that manufacturers will, out of necessity, have to develop approaches to deal with external competition as opposed to operating in an extremely over-protected economy.

Manufacturers initiative should therefore be the key in developing a strategy for achieving a rationalization of the productive processes in keeping with the competitive economic environment.

The programme of removing items from the import negative list could not have been finalized by December, 1991 as required as one of the conditionalities. Therefore, it continued in 1992. This honourable Senate will recall that by the end of June, all non-oil manufactured products were deleted from the import negative list and now supported by a regime of import surcharges. This measure has contributed significantly to the removal of administrative and other bureaucratic barriers which have acted as serious impediments to trade. These items which continue to be the subject of import control have been retained on the negative list and published as Notice to Importers No. 8 of 1992. Basically, such items include, primary agricultural products, fresh meat, those subject to international agreements such as, cocoa, coffee and sugar. But most importantly are some items which, as a result out of our concerns are for national security or for public health purposes.

5.40 p.m.

The Ministry of Trade, Industry and Tourism is ensuring that the policies with respect to the issuing of licences for these items are sufficiently transparent and easily understood by importers. It should be noted that used motor vehicles for reasons *inter alia* of safety, are also subject to import controls according to notice to importers No. 2 of 1992.

My ministry has been concerned particularly about used vehicles. I think I am on record as saying that as Minister of Trade, Industry and Tourism, it is not my desire that a by-product or the removal of the negative list should mean, that Trinidad and Tobago become a dumping ground for used vehicles or used goods. My ministry continues to view with concern and alarm, the increasing number of

operations which have popped up over the countryside, and which blatantly advertise used foreign tyres for example, as literally a product of the declining economy that we have experienced in years gone by.

I say this because initially, when we removed used tyres from the negative list we intended to treat with it, by first imposing import surcharges on used tyres that were not buffed. However, we were prepared to allow buffed tyres in without imposing the import surcharges. This measure was intended to support the retreading industry. It appears now as if many importers have sought to pursue a line in which they import used tyres, and attempt to sell them on the local market.

My Ministry views this with concern, particularly because the Bureau of Standards is really not in a position to establish a standard or quality of used tyre, in order to protect the unsuspecting consumer. In my view, the travelling public must be aware that they subject themselves to very serious safety concerns and danger in buying or subscribing to the trade of used foreign tyres.

It is therefore the intention of my ministry to review the decision to allow used foreign tyres, as they are advertised, into Trinidad and Tobago. Pretty soon we will decide on another course of action hopefully, that will stem this tide which unfortunately has caught a number of members of the travelling public, and they have succumbed by being attracted to used foreign tyres, as if these are supposed to be superior to even locally manufactured tyres.

The deletion of items from the import negative list affects both goods of Caricom origin as well as imports from extra-regional sources. However, restrictions continue to be applied on the importation of certain items such as rice, flour, oils and fats from Caricom member states. As I indicated earlier, with the virtual removal of the negative list, items which were previously restricted can now be imported to compete with locally manufactured goods. These items are now subject to applicable import surcharges in addition to the various rates of tariff.

In order to offer some measure of protection to the manufacturers, these surcharges came into effect on May 12 and June 30, 1992. However, I must inform this honourable Senate that these surcharges are meant to be temporary in nature, and will be gradually reduced, so that by January 1, 1995, they would have been completely removed.

The current rates of import surcharges range from between 55 per cent to 15 per cent depending on the category of imports. The first set of reduced rates which

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are to come into effect on January 1, 1993 will be of the order of 25 per cent, 15 per cent and 10 per cent. In other words, the rates ranging from 55 to 15 per cent, would be reduced to rates ranging between 25 and 10 per cent, from January 1, 1993.

In the case of existing stamp duty, rates of 10 per cent on capital goods and 20 per cent on all other items which currently apply, will be gradually reduced, so that by January 1, 1995, they would also have been totally removed. This means that by January 1, 1995, the only applicable rate of duty remaining in force will actually be the common external tariff.

Our manufacturers have continued to express their concerns that Government is not implementing measures to minimize the adverse effects on manufacturing operations, consequent on the removal of products from the import negative list. The local manufacturers can rest assured that my Government is doing all in its power to ensure that the necessary mechanisms are put in place. Whilst it is not a conditionality under the structural adjustment loan, Government has taken cognizance of the fact that local manufacturing could suffer from a sudden increase in the imports of similar goods dumped into the market for one reason or the other.

The Ministry of Trade, Industry and Tourism in its efforts to counter the adverse effects which may arise from trade liberalization, especially with the removal of products from the import negative list, sought to address this issue with the enactment of the Anti-Dumping and Countervailing Duties Act, recently. The intent of this legislation is to provide for the imposition of anti-dumping and countervailing duties on goods, which are imported, and dumped prices, or to goods on which subsidies are given in the country of export, and where such goods are likely to cause material injury, or retardation to an established industry, or to the establishment of a new industry in Trinidad and Tobago.

The legislation also provides for the designation of an anti-dumping authority, the duties of which would relate to the initiation and conduct of investigations into dumping and giving of subsidies. At present, my ministry is addressing the regulations pertaining to this Act.

Apart from dumping, there are a number of other unfair trade practices and I would like to mention a few. There are unfair trade practices such as under-invoicing, over-invoicing, misdeclaration with respect to value or description of goods, manipulation or forging of documents, concealment of undeclared goods,

or importing goods not conforming to the prescribed standards or specifications of Trinidad and Tobago.

Government recognizes the need for the enactment of legislation to deal with the whole question of unfair trade practices. As a result, the ministry is at present addressing this with some urgency. Also being considered in conjunction with the ministry of Consumer Affairs and Social Services, are recommendations of a committee appointed by Cabinet to review the existing regime of standards, in the context of the trade liberalization programme. These recommendations pertain to two manufacturing sectors in particular. The other sectors are also being reviewed by the committee.

With trade liberalization, businesses in Trinidad and Tobago must pursue restructuring programmes including investment, modern plant and equipment if they are to improve their efficiency and international competitiveness. Government has recognized the inadequacy of local resources to undertake such programmes, and has therefore approached the international lending institutions for supplementary financing and technical assistance.

To this end, a business expansion industrial restructuring loan with the World Bank has been effected, while an investment sector reform loan is being negotiated with the IADB. The business expansion loan is designed to help promote the development, restructuring of private manufacturing and services. Moreover, it will provide for technical and financial assistance to help firms with export potential, and to strengthen services provided by (CARIRI) the Caribbean Industrial Research Institute, and the Bureau of Standards in the area of quality certification, testing and research facility.

The investment sector reform loan would enable Government to address institutional and economic issues related to the financial sector, restructuring and divestment of public enterprises. It will also address land use regimes, the trade regime and institutional and legal framework that affect private investors. Moreover, the loan would support medium term reform by focussing on the reduction in protection levels and emphasizing incentives to boost the competitiveness of firms in the export sector.

Support will also be given to the implementation of trade facilitation measures, the strengthening of the anti-dumping legislation, and enforcement of import quality standards by the Bureau of Standards, and the Food and Drug Administration. The proceeds of this loan is expected to be in the order of

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between US \$60 million to US \$100 million, negotiations for which are scheduled to be completed shortly.

The efforts which I have delineated are not isolated. They are being buttressed by new trade agreements in which Trinidad and Tobago has been involved. The first is a partial scope agreement between Trinidad and Tobago and Venezuela, which was signed as long ago as August, 1989. The main elements of this agreement provide for a 25 per cent reduction on their applicable tariff rates, on a reciprocal basis for 35 products selected by each signatory country for export to the market of the other.

Additionally, the hon. Prime Minister of Trinidad and Tobago on behalf of the Caricom Heads of Government, recently signed a trade and investment treaty with Venezuela. This agreement allows one way non-reciprocal access to the Venezuelan market for a range of products on the basis of immediate duty free access for some, the phased annual reduction over the period 1991 to 1996, on duties applicable to another group, while most favoured nations' status will apply to all other products.

5.50 p.m.

Mr. President, I wish to inform this House that a partial scope agreement, similar to the one we have entered into with Venezuela, is now being considered in respect of another South American country.

These are some of the positive efforts that are being made by Government in support of our attempts to facilitate access to external markets by our domestic manufacturers. In order to enhance further the environment for improved trade and investment possibilities for Trinidad and Tobago, Government has taken a number of measures in other areas and I would now like to comment on two of these areas, namely standards and exports.

In respect of Trinidad and Tobago Bureau of Standards, the Bureau has assisted manufacturers to deal with the trade liberalization programme and the dismantling of the negative list. This assistance has been given in three ways: Firstly, by working with manufacturers to improve the quality of their goods so that they can effectively compete with goods coming into the country, as a result of the removal of the negative list. The Bureau of Standards is working with firms in the following industrial sectors to implement international standards organization, or ISO 9000 series of quality standards. They are packaging, motor assembly, paint, construction, electrical and small appliances and steel.

Secondly, by contributing to the work of a Cabinet-appointed committee reviewing standards for goods, which are likely to be heavily traded as a result of the trade liberalization programme, so that a reasonable quality of goods would be available on the market, while ensuring that the local manufacturer was not unfairly treated.

Thirdly, by training manufacturing staff in quality assurance procedures so as to enable them to improve the efficiency of their manufacturing processes.

In addition, as I mentioned previously, it is expected that the Government will shortly begin drawing down on the business expansion industrial restructuring loan which was negotiated with the World Bank. From this loan, the Bureau of Standards is being provided with the funding of the order of US \$3.2 million, over three years, for the provision of equipment, training and consultants to assist it to set in place a national quality system. This is an essential pre-requisite for the change in the psyche of the nation to a quality-driven society, which is required if we are to become a successful internationally trading nation. Consequently, every effort will be made to ensure that the funds would be made available within the shortest possible time frame.

In recognition of the importance of certified products for trade with the European Community and NAFTA, the Bureau of Standards has been concentrating its resources on a certification programme. Both products and factory quality systems are being certified. Some of the manufacturing sectors engaged in the certification process include: automotive accessories, household chemicals, packaging, construction materials, animal feeds, industrial chemicals, garments and the oil industry.

In terms of legislation, the amendment of the Standards Act is being pursued with a view to providing the Bureau of Standards with a capability to respond to its new responsibilities and concerns in areas such as environmental protection and recycling of resources. The draft amended legislation will shortly be placed before Parliament.

Finally, Mr. President, I would like to identify some of the areas which are to be addressed by the Bureau of Standards in the coming year. They include the articulation of a quality policy; the establishment of quality contingent fiscal policies; conferring preferred status on quality certified products, services and organizations; developing a national export quality programme, and encouragement of regional harmonization of standards.

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I would now like to turn to exports and the Export Development Corporation. The EDC continues its focus on activities which would facilitate a real and sustainable growth in exports. To this end, the EDC added new services which, in common with other international trade promotion offices, are deemed necessary to provide it with a full and relevant menu of assistance. Furthermore, in recognition of the need of relatively new exporters for timely, accurate and comprehensive advice, the EDC continued to provide quality information and advice on all aspects of export trade, both local and foreign.

For the year so far, the Certification Unit made some 105 factory visits, an indication of the growing interest and importance of the export thrust. The Export Development Corporation also continued to focus attention on certain sectors which showed potential and/or need for specific attention in order to succeed in the export markets. These included fresh fruits, vegetables, the seasonings and spices sector, the snow peas sector, floriculture, the garment sector and handicraft.

In addition to the sector project, the Export Development Corporation also developed a number of special projects this year to address needs that were identified, subsequent to the drafting of the Export Development Corporation's Strategic Plan for 1991—1993. These included the Tobago Youth Entrepreneurship, a Commonwealth Fund for Technical Co-operation Programme, designed especially for women in export development, the Automotive Car Parts Programme, the Student Apprenticeship Programme and the Trade Fair Development with Pan Trinbago.

The Trade Centre of the Export Development Corporation organized a visit for a buying mission of five senior executives representing a Canadian corporation, which had a specific interest in purchasing chemical products from local manufacturers. Whilst no immediate orders were placed, because the supply of product was not available, long-term purchasing contracts appeared to be extremely favourable.

The Trade Information Centre, which is the nerve centre of the Export Development Corporation, provided access into selected data hosts and entry into over 500 international data files. These supply information on a wide range of topics, including availability of new methods, current market prices, trade opportunities, data on importers, product information and regulations. This information is utilized by the entire business community in its interaction with different ministries, agencies of the Government and the Central Bank.

Included in activities of the centre, was the compilation of a publication containing the descriptions of all accessible data bases, into a larger publication, on the services provided by the EDC. This publication is due to be launched in the first quarter of 1993.

The Promotions Department of the EDC continues with its major objective, which is the promotion of products and services on a national and sectoral basis, in relevant overseas markets, through participation in trade fairs and trade missions. This department also sought to position Trinidad and Tobago as a viable import source, by encouraging inward buyer activity, again on a sectoral or national basis. To this end, the EDC participated in selected and international trade fairs and exhibitions. Consideration was given to those companies with exportable and competitive products, as well as knowledge and experience in exporting.

Steps are also being taken to make Trinidad and Tobago Export Trading Company fully operational in the coming year. This company which has been set up since 1986 has the following functions:

- (a) To facilitate local exporters by relieving them of the difficulties encountered in exporting
- (b) To assist local exporters to penetrate targeted export markets, increase market share and also to develop new markets; and, finally,
- (c) To encourage the establishment of new export-oriented businesses.

This structural adjustment, Sir, is a very painful process with no track record of having improved countries subject to it. So that we are moving now into an area, blindfolded, as it were. I commend the hon. Minister of Finance for having shown courage—both Ministers of Finance—and guts in this exercise. But as Sir Shridath Ramphal is quoted as saying in his address to UWI graduates recently, "adventurism is one thing, but recklessness is another." So that while we are adventuring, gentlemen, let us beware that we do not become reckless.

6.00 p.m.

The company, however, has been hindered in achieving its mandate mainly because of a lack of adequate funding. It is hoped that this will be resolved in light of the proposal to supplement the equity of the company by an injection of funds from the private sector, including financial institutions.

I shall now turn to two other areas of activity which fall under my portfolio. In the first case I will deal with the Management Development Centre. The

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programmes that Government has embarked upon would require for the successful implementation, training cadres of manpower. It is in this regard that the activities of the Management Development Centre, among other institutions, are extremely relevant.

In 1992, the MDC continued to pursue its mandate and engage in activities aimed at improving management performance in public, private, voluntary and labour organizations and the overall socio-economic and business environment in Trinidad and Tobago. It adopted a wide range of interventions and executed programmes which assisted organizations to introduce systems to achieve high levels of quality, efficiency and productivity, organizations which represented a wide cross-section and included manufacturing companies, the energy base and the financial sector.

The MDC promoted and developed entrepreneurship and small business skills. Some 15 programmes were conducted in the area of small business, alone. It assisted individuals to expand self-employment, self-reliance and their self-help drive generally. It assisted Government ministries and departments in meeting their management improvement implementation goals. For example, it assisted the Ministry of Health, the IDC and so forth. It met the specialized needs of specific sectors of the economy, for example, co-operatives, exports and so forth.

Specifically, the MDC set out to deliver in the course of the year, 70 scheduled courses, duration varying from one to five days each, in five locations across the country. They included Port of Spain, Trincity, San Fernando, Chaguanas and Scarborough, Tobago. It tailor-made or custom designed training in management for any organization which requested this. It provided business and management information. It provided promotional materials to foster product quality and performance and it offered consultancy and problem solving services.

In terms of achievement, by the end of October, 1992, the MDC had already attained 86 per cent of its targeted revenue and 77 per cent of the planned number of training courses. In doing so, the Management Development Centre has attracted 1,369 participants on its scheduled training courses. Also, 934 corporate employees, representing 34 organizations took advantage of the custom-made in-company training programmes. All together, a grand total of 2,303 participants.

The MDC's promotional activities include visits made by members of professional staff to organizations in Trinidad and Tobago which constituted one aspect of an informal outreach advisory activity that complemented the person-to-person relationship that was initiated in the classroom.

On a wider scale, the Management Development Centre also sought exposure through involvement in exhibitions and trade exhibitions. Arising out of its training courses and promotional activities, several organizations sought and received specialized assistance in the form of the consultancy advisory services in solving some of their management and performance problems.

Finally, Mr. President, I would just like to touch briefly on the Trinidad and Tobago Tourism Development Authority. In 1992, the Tourism Development Authority stepped up its policy of ensuring an immediate and increased flow of tourists to Trinidad and Tobago, and of identifying Government's support required to achieve this.

To this end, I appointed a committee comprising of representatives of major interests in the tourism sector and requested them to prepare an action plan for the tourism industry. The committee has already reported its recommendations and I propose to take these before Cabinet shortly.

Mr. President, just as development of our manpower resources are important for the success of the trade reform and investment programme, so is the establishment of an appropriate institutional framework. For this purpose, Cabinet has recently established a national business advisory board, which, *inter alia*, would facilitate the preparation and implementation of a detailed strategic business plan to advise the Minister of Trade, Industry and Tourism on the establishment of a development institution which would be responsible for administering this plan.

Moreover, experience has shown that the current institutional arrangements involving agencies such as the Industrial Development Corporation, the Export Development Corporation, the Tourism Development Authority and the Trinidad and Tobago Free Zones Company are characterized, for example, by the duplication of activities. This results in an inefficient use of the already limited financial resources available to these agencies. Accordingly, action will be taken to have the agencies restructured and their functions streamlined at the earliest opportunity.

However, it is only within the recent establishment of the advisory board that it has now become possible to actively pursue this measure. In this regard, a sub-committee of the board has been charged with specific responsibility for implementing this measure.

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Mr. President, in the other House, I dealt with the matter of trade reform in the light of a major study that was done by a firm called Maxwell Stamp, out of London. I also addressed operations, particularly during the year 1992, of the Industrial Development Corporation, the Small Business Development Company and the Trinidad and Tobago Free Zones Company.

In my presentation today in this Senate, I have sought to elaborate some more on the programme of trade reform and at the same time to bring to the fore other measures which are being taken to support those included in the reform programme and those related to investment.

I am convinced, Mr. President, that what we are attempting to do will result in the medium to long-term type of enterprises which will be better able to withstand the full force of international competition.

Before I wind up, Mr. President, I would just like to address one other point, and that is in recommending the Bill to this honourable Senate, I took note that Sen. Mansoor had indicated that manufacturers felt threatened that duties would be reduced to 20 per cent by January 1, 1995.

Mr. President, I have taken pains to explain that the import surcharge and stamp duty will be removed by 1995. However, it is expected that, given the decision taken by the recent Heads of Government at the meeting in October in Trinidad, the actual duties or the common external tariff that would prevail by January 1, 1995 is in the range of 30 per cent. Actually, the rates of CET will decline to 20 per cent by January 1, 1998.

What this means, Mr. President, is that in effect the manufacturers are actually given a fixed time-table of five years in which to be able to bring their processes to a point where they can become internationally competitive. The rates I have talked about on the CET exclude agriculture, which, at 40 per cent, is given special treatment. This rate of 40 per cent is really dependent on the outcome of the present rounds of GATT negotiations and depending on what transpires there; I believe the heads will review that 40 per cent rate of CET for agricultural produce.

Mr. President, I have no hesitation in recommending this bill to this honourable Senate.

Sen. Carol Mahadeo: Mr. President, I am not an economist, nor a tax consultant, nor an industrial consultant, nor an accountant, I do not pretend to be that. I am just a layman. But after having read the budget, various newspapers and

from my own experience, I have come to see this "passage from stabilization to growth" as being the theme of this 1993 Budget presented before us.

Mr. President, to me, four major functions of a budget as it appears would be the allocation of resources; first of all, the redistribution of income; stabilization—of which quite a lot has been said in both Houses—and the balance of payments equilibrium.

Following on these heads, come two basic principles. One was addressed at length by Sen. Mansoor, the question of accountability, and hand-in-hand with accountability goes responsibility. We are aware of the reports of the Auditor General, Sir, and to that, again, Sen. Mansoor referred.

In the Auditor General's reports, we do provide a basis for the bipartisan Public Accounts Committee to assess the detailed financial and economic performance of government, relating to its policies and objectives presented in the budget statement in conformity, though, with the relevant laws, regulations and procedures that are attached to these exercises.

The world economy has declined, together with that of the United States, all of Europe, except Japan, so they say, so that adjustment is needed for all of us, particularly for us, as we are pegged to the United States dollar. While the hon. Minister of Finance—and I am so sorry Minister Mottley is not here—but the junior Minister, who has given quite a large measure of input into this budget, I know, is here, and he will take my message back and take note for himself.

The hon. Minister has proposed no new net borrowing for next year, because he stated that he would only borrow—to use his own words—to shift the burden from the present years to later years, focussing on reducing the entire debt stock. So that we may end up in a state of constant borrowing.

Although petroleum taxes and the CET rates are lowered, the fiscal measures proposed cannot stimulate a higher level of economic activity. One cannot contract, stabilize the economy and at the same time expand. How can we contract and yet expand and hope to stabilize? It is just not possible, the laws of physics will not allow this.

We speak about incentives for growth. With stabilization follows growth, that is what the budget is saying. Now that they are stabilizing, we are growing. But what are the incentives for growth in the budget, Mr. President? What has been said of the agricultural sector or any of the non-oil sectors? Quite a bit has been done for the oil sector.

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Even though the taxes are lowered and so on, to allow many of the investments from outside in, what is happening in the agricultural sector? I was hoping to hear my colleague and leader, Sen. Mansoor, deal much more on the manufacturing sector. He did not do as much as I would have thought.

Let us take the exporting sector. Again, I am talking about our neighbour Venezuela. Mention was made of it by the Opposition Senator carrying my name, Sen. Carol Merritt—if the press is around, please remember, that I am Independent Senator Mahadeo, particularly the *Express* newspaper. Because in reporting, they have been confusing the two of us.

However, I have got to refer to Sen. Carol Merritt in that she spoke of the neighbouring country Venezuela, and I am telling you, let us take a lesson from them. They are less than 10 miles away from us. They are mainly an oil-producing country, an oil-based economy. They are very unstable for in the last 10 months they have had two attempted coups. Theirs has been a difficulty with structural adjustment.

Our Prime Minister has said that. He stated that unequivocally and we have got to accept it and our own problem here is the same, the question of structural adjustment. We may not be seeing it out there now, but the placarding people, the school population, the utilities people, they have all demonstrated and they are still doing so. They are all showing their gross dissatisfaction with the lack of implementation and/or performance of the Government in their various areas.

I go back to agriculture, Sir. The proposals are silent. Our budget proposals are silent on agriculture. At this point, I would suggest that the non-oil sectors be enhanced, because very little provision is made for them. Mention has been made of repairs to roads, bridges and highways by our Minister of Planning and Development. By this, I take it that he means our arterial roads, because some of them were mentioned, the Solomon Hochoy Highway and so forth. But what about our peripheral and access roads, where the citizenry live and own properties to which they must have access to develop, cultivate and maintain them? They are paying higher land, house, water and electricity rates and are entitled to have proper maintenance and repair service to these areas.

What about the reduction in the allocation to local government, municipal and regional corporations? In my particular region, Sangre Grande, it has been reduced by 21.45 per cent and so have most of the other rural regional corporations.

I come back again to the Non Pareil Estate that I mentioned in the first budget of January of this year and I pick up the song again, towards the end of this year. I understand it is going up to monopoly, a big crab, the jumbo crab. Why can Government not divest? Divest is the word very popular in the vocabulary of parliamentarians today. We are divesting; divest and give our people some more. Why not cut up that 1,800 acre parcel into 500 acre parcels and sell or lease to the workers who have been retrenched from that estate and—correct me if I am wrong. Yes, indeed.

Mr. Valley: Please, I hate to interfere with the flow of Sen. Mahadeo, but I just want to let her know that is the plan for Non Pareil. That is exactly the plan for Non Pareil.

Sen. Mahadeo: I am then so heartened. So shall I then delete that part of my contribution? No, I shall go on with it, nonetheless. Let *Hansard* reflect it. Thank you very much, Mr. Minister, you have heartened me. I shall continue.

Cut it into five-acre parcels and let the workers who have been retrenched from that estate, cultivate the type of fruits and vegetables which the large conglomerate could, in turn, purchase from those farms and manufacture the nectars, the fruit juices, the vegetables and the purees and process vegetables at home for home consumption and, also, for export for more than the 80 per cent that is proposed in the budget so that export will also be taken care of by the manufacturers.

The end result, Mr. President, would be a happier community for all those families, as they would be earning their own keep and the manufacturer would be getting his products to export and the importance of this export sector would have been justified.

I come back now to the question of responsibility and accountability. I am so sorry that the hon. Minister for Public Utilities, who was here earlier this morning, is not here. Mr. President, at this point in time I really do feel pain for him in his unenviable position in that ministry.

Sen. W. Mark: Set him up.

Sen. Mahadeo: I am not setting him up. *[Interruption]* I am sorry, I did not know where it came from. I did not know where it came from, I am sorry. Do not pinch my time.

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Mr. President, I really feel sorry for this hon. Minister, because while speaking on the debate in the Lower House, if I am reporting correctly from what I have read, he did state of WASA:

"While I may be the Minister with the responsibility for WASA, the job is not just my responsibility, it is ours."

"Ours" meaning a very pertinent and striking-the-bull's-eye type of statement, I consider it. For there goes one for collective responsibility: "The job is not just my responsibility, it is ours", every Cabinet Minister, every Member of Government. It is their collective responsibility to see that WASA is satisfied in some way so that I can get my water which I have not had since Saturday of last week, like so many other poor people who have not even got taps in their homes but have to wait by the wayside tap, which is dry on the East-West Corridor.

I think Sen. Merritt talked about those in Valsayn and the more affluent areas having the water supplies in the huge water tanks and so forth to see them through, but what about the poor, scrunting person on the street, who has got to rely on a wayside stand pipe with no water? No wonder we are going to have contagious and communicable diseases after this spell because people are not able to clean themselves.

It is the responsibility of every Cabinet Minister and indeed the Government to address with urgency the problem of these human masses that are placarding all the areas.

Sen. Mahabir-Wyatt spoke of the ones with WASA and other utilities. I would go further and say that the Post Office, too, is on a work-to-rule at the moment, because I sent to get some stamps there at the Salvatori Building and they said, "No, no, we are not working, no stamps can be sold".

Sen. W. Mark: The PNM has created an industrial battleground.

Sen. Mahadeo: Mr. President, the Minister did say that this situation at WASA is a chronic one, as it has been for the past how many years, long before him. WASA is saddled and so is he saddled with WASA and all the problems of WASA.

We come back now to free trade and foreign investment. Caribbean countries, Sir, to my mind, should welcome free trade and foreign investment as a means to improve their competitive positions in the world market. This is true of Trinidad and Tobago. Even though we do, within Caricom, try to trade, we ought to think of the larger industrialized nations, as well. I think, again, Sen. Mansoor alluded

to it, as did Sen. Wade Mark. Free trade, Sir, is more critical for smaller countries than for larger ones.

If smaller countries like Trinidad and Tobago, for instance, had no one to trade with, no place to sell our products to, no place from which to buy products, the standard of our living would be very low indeed; and we are claiming that we have about the highest standard of living in all of the West Indian islands, the mainland of Venezuela and the French and other Guianas and Central America. We have claimed that. If this were so, we would have a very limited range of products that a small country like ours would be able to produce. So we need to think of opening up our markets. I think this is a good thing that the Government has proposed so that we can go into the larger industrialized markets in the world to see if our quality goods can meet their demand.

So our services are increasingly an important part of our world trade. We have to first make sure that our goods are up to world standard, so that they can catch the eyes of the larger countries, not only of our Caricom partners.

We come back now to structural adjustment, that wicked little phrase, which small and large countries are all experiencing. This structural adjustment, Sir, is a very painful process with no track record of having improved countries subject to it. So that we are moving now into an area, blindfolded, as it were. I commend the hon. Minister of Finance for having shown courage—both Ministers of Finance—and guts in this exercise. But as Sir Shridath Ramphal is quoted as saying in his address to UWI graduates recently, “adventurism is one thing, but recklessness is another.” So that while we are adventuring, gentlemen let us beware that we do not become reckless.

6.30 p.m.

While the review of the domestic economy seems to be thorough, to my mind, less emphasis has been placed on disincentives to investments; which seem to be very necessary at this time in our economy.

The level of borrowing which is contemplated in balancing this budget seems to have pitfalls if one were to take into account the history of other oil-producing countries—and this I want the hon. Minister of Energy to listen to—he seems not to have heard me. I say it again: If we are to take into account the history of other oil-producing countries which have borrowed internationally in order to cure their domestic social ills, for in Trinidad and Tobago we can only hope—and I think Sen. Wade Mark had spoken about Enron, that fictitious character, he referred to, or corrupt, he said, it was—for what Amoco and Enron may materialize for us.

You know in the Far East in India there is a gentleman called Sai Baba who has many devotees as in other areas of the world and he has a way of, they say, materializing things out of his hands.

Sen. Capildeo: We have several of them here.

Sen. Mahadeo: I do not know whether the Minister of Energy is one of those persons who can materialize, just wave his hands and get us what we need. I do trust he can.

Sen. Barnes: Just to assure the hon. Senator, Mr. President, as I had to say in another place, all of us have our special books. The book that I read says, "seek it and you will find it."

Sen. Mahadeo: Thank you, Mr. Minister. However, to get back to a little point which the hon. Minister had mentioned earlier. He spoke of the LPG gas cylinders and it does not really tie in with what I am saying here but it does answer part of my question which was left unanswered on the last occasion because it was not levelled at the hon. Minister for Energy. Instead, I had tabled it to the hon. Minister of Labour and Co-operatives, whereas our present Minister was the one who was holding the card close to his chest.

I was not informed that, in fact, the firm that he referred to without calling a name, Vanleer Company Limited, which was operating out of La Brea had actually packed up, lock, stock and barrel and moved out of Trinidad. Did our Government make any effort to try and keep that company in Trinidad in order to see that the manufacture of our cylinders and the testing of those cylinders could be carried out every three years as was done in years past? To this, I did not get an answer, but as it was coming out of the hon. Minister earlier on today, I thought I should ask that question all over again. I hope to get an answer to it.

Sen. Barnes: Mr. President, I, too, must confess that I was a retired gentleman at the time that Vanleer left. I came into the Ministry and after receiving a couple of letters, I asked some questions and said, "let me talk to Vanleer," only to find out that sometime during 1991 they apparently left—just gone. But the people who were doing repairs to defective cylinders were not really Vanleer. I hope that answers the question.

Sen. Mahadeo: I do appreciate that testing comes from the Factory Inspectorate, Ministry of Labour and Co-operatives. But the manufacture of the cylinders, the upkeep, seeing that they are painted and not defective, no leakages and so on, that is left with the manufacturer. So, I would hope that your ministry, Sir, would see to it that plants are set up or, at least, one factory is set up to see

that these cylinders are manufactured—and as early as possible—because it is a dog fight out there as to who should get cylinders and how often.

We come back now, Mr. President, to the stabilization aspect. I am wondering whether we are going to be stable in this situation, whether we are growing or will get growth or will be just stagnant. Sir, you are not too far removed from your school days where, you know, you stand up in line in school for physical education and the teacher tells you to mark time and you keep marking time on the same spot and he says, "stand at ease," and you are standing at ease and cannot move one inch further, forward or backward; and therein lies the problem. Are we moving forward? Are we growing or are we just standing in the one spot stagnated? While we are making the effort to stabilize, are we growing? As I said earlier, you cannot be contracting and at the same time expanding because, as we say, the law of physics will not allow that—you will burst.

People in the upper income brackets will experience increased tax burdens and those in the lower income groups would bear the higher costs all around. I heard it earlier coming from another Senator when he talked about hidden costs that are built into the proposals in this budget.

Hon. Senator: Sleepers.

Sen. Mahadeo: This would impact on the lower income groups particularly; cost that cannot be, at this moment, properly evaluated until the budget is set into motion as of January—not at all, I think some of the proposals are already in effect. For instance, the LPG gas; the airport tax.

Mr. Valley: No.

Sen. Mahadeo: Stamp duty has gone up and so too, the registration of documents. They took immediate effect no sooner Minister Mottley finished reading the budget. From November 20, 1992, all these taxes were raised and put into effect. So that it is already taking effect. The other things may be taking effect in January of next year but, then, we are still subjected to it.

I do agree, Sir, that Government's options are very limited. Both the people and the economy are already taxed to the hilt and monetary and fiscal policies are up to our throats.

A large amount of this budget has already been pre-allocated as we have seen as we went along our daily, hourly and weekly duties, Sir. It was pre-allocated to service the foreign debt. With only about 65 cents of every tax dollar to carry on, I am wondering how is the Government going to organize the funds to finance the Public Sector Investment Programme of \$4.1 billion.

Hon. Senator: Borrow.

Sen. Mahadeo: Government will have no choice but to dance the dance of the seven veils. Do all of us understand that dance of the seven veils?

Hon. Senator: No.

Sen. Mahadeo: Of course, our gentlemen do know that. They will have to do that, Sir, to make the PSIP realistic; they will have to go further into incurring foreign debt. This is how I see it. How can Government explain taking on US \$100 million debt through its Eurobond issue? One of the Senators here mentioned it this morning but, to my mind, he did not go far enough into it. It will, it seems to me, sink the country into further debt and it will be the taxpayer who will have to pay more taxes and we may see Government revenues redirected from our social services to service this debt—our social services that are already not functioning as properly as they ought.

6.40 p.m.

We come back again, I keep speaking of stabilizatn and putting the economy on an even keel. How is it possible to achieve this and, at the same time, increase employment with a balanced budget as is presented here? Well the Government was unable to reduce the unemployment rate last year, by spending more than it had in hand. Again, to my mind this is a case of spinning top in mud.

This budget has depended heavily on foreign borrowing and it leads to a reduction in revenue, thereby weakening our balance of payments position, so that the foreign resources position has not really reflected the health of our own economy here. As to trade liberalization, the response from the private sector is questioned. There was a big request, I think, in the newspapers and in the electronic media. Have any moneys which flew out of the country in the past years flown back in or returned? This is one question I am asking and nothing more on that.

The budget, Mr. President, is loud in its silence on some major issues which I am coming to—measures to stimulate savings, investments, economic growth. Government wants to stimulate the economy, but has imposed a business levy, small as it is. This is counter-productive to small businesses. True, the Minister of Local Government mentioned that those that are not able and have been going on with losses for years and are yet able at the end of the year to pick up, let them pay something. But what about those poor little one-door businesses that are not able to do anything?

What about the payment of arrears to public servants to be addressed? I heard passing reference made to it, that it is to be addressed in June 1994. I understand the question of Caroni was being cleared up by the Minister later on in a speech that he gave to some function, in which he said that \$30 million was being taken out from another place to be put back to do something else which, he alluded to as Caroni (1975) Limited to pay the arrears of backpay. I think that \$30 million meant that. So that is all right—it will quiet those workers in Caroni. But what of these public servants? I see Dr. Rennie outside there in his little red shirt and collar open, ready for the rampage. Yes!

Sen. Mark: Ready to rumble.

Sen. Mahadeo: I did not say rumble, I said for the rampage. What about unemployment and under-employment, the disadvantaged and the dispossessed, Sir?

Now we come to incentives for the construction industry. Again, this is the pet fillip, I think, for our Planning and Development Minister. To be effective, as I see it—and I have had experience in it—the Town and Country Planning Division and the NHA must loosen their stranglehold on applications. They must do it, because time and again you are seeing over the years, Sir, applications being thrown back at people and they are getting frustrated, not because of the red tape, but because of other things apart from the hundred per cent red tape. They just will not approve applications, although every thing is in correct order and in place, to allow people to go on to build. If this red tape is removed, they can more efficiently move on, get their approvals more expeditiously, in conformity with the proposals here in the budget, where it is said that construction must be completed within a two year period in order that one could qualify for the tax allowance or the incentive as proposed. So that if applicants are to have the two year period in which to have all these things done, these departments must move expeditiously to have applications processed, approved, or if they have to disapprove, disapprove and say, well we refuse on grounds X, Y or Z, and let them move on.

Manufacturers must be allowed the types of incentives to compete in the larger world market, rather than regionally in the Caribbean. I alluded to that earlier this afternoon and I am saying, apart from just putting on your construction, build arterial roads, highways, bridges and the lot, improve all roads and by that I mean, give to the local government, regions and municipal

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corporations extra funds; open up the funds so that they can move on to their little orphan roads, the county roads and all these things; and put in more water. Give them their roads, hospitals, schools, and utilities. Give all these things added funds. Increased levels of taxation must be reflected in improved facilities to the people. If you are going to tell us pay more taxes, we must get improved facilities.

That is why the people will stand around the Red House and in front of WASA and T&TEC. I digress here to tell you about WASA and T&TEC. All these other utilities are much the same. I am not saying that they are all saints. Most of those workers sit in their trucks and play cards all around, wasting time and money and that is why they have such big bills to foot—WASA and T&TEC particularly; TSTT as well.

All these utilities' workers are sitting around in trucks. You watch them and they look at you and they could not care less. They play cards. You ring for them and say, look my lights have gone out, I have no current, my fridge is not working, all my foodstuff is going bad. They say, Madam, we coming. They wait until the weekend is over, especially if there is a public holiday included and they say we are getting three times pay. *[Interruption]* No, no I will hit you both sides. They say I am coming, but then they come three or four days after, so therein lies the problem. So there is merit on one side or the other, but at the same time you do not let the population suffer because certain workers are—I do not want to use the word corrupt too often—improperly collecting moneys for work not done.

Sen. W. Mark: What about ministers?

Sen. Mahadeo: The similarities in Venezuela—I go back to our neighbour here, Sir—and in our country are much the same. We are under the same economic climate—unemployment, escalating cost of living and consistently deteriorating government services. Such grave economic and social conditions, together with widespread poverty and demonstrations by all sectors, signal to us that we ought to take care; and take care, quickly.

6.50 p.m.

Mr. President, compared with the Eastern Asian countries, Trinidad and Tobago's savings performance has been demonstrably weak in the recent past. Japan is very affluent at the moment. Even their plutonium finds ways and means of bypassing the Caribbean when we object to it; they passed through the Cape and came around with it. It shows you how those people have their aplomb to know what to do and when. These people have shown us that if we are to

accelerate our growth and development in our economy, it is imperative that we raise and sustain a high level of domestic savings, in excess of the 25 per cent of the GDP that we are talking about.

While a wide variety of imports will be available to the consumer at lower levels, now that we have opened up the market, there will be increases in several areas of administrative fees. I have already spoken of those fees. Some of them have already gone into effect, others are still to come in another month's time.

Government's spending increase is due to payment for acquisition of an oil company, Texaco Incorporated. I wonder how many of us realize it. I know our Minister of Energy knew that from long ago, even though he said he was sitting on the sidelines for a few years, but he would be aware of that. *[Interruption]* Yes, we paid for the acquisition of Texaco Incorporated, that is why we had the increase in the spending. They did that rather than pay our own public debt.

Now we see there have been cuts to the utilities. This is what saddens me when I did not see hon. Minister Marshall here, who already has WASA at his throat, sitting on his back; a chronic situation that he does not know how to get rid of. Cuts have been made to his ministry. This is what I saw here. How then is he able to labour under these conditions? He is not quite a full-bodied man, and I am surprised that some of the workers have not already man-handled him.

Even the Ministry of Local Government has not given to the municipal and regional corporations as much as they should have. Both of these latter ministries are saddled with dissatisfaction, work-to-rule and rumblings of strikes. WASA is saying work-to-rule, but they have now gone on strike because water has been cut off in many areas. All these matters need to be re-addressed, if we have not yet addressed them. If we have addressed them, let us urgently re-address these areas.

There are few possibilities for growth, so how can there be stabilization? I again emphasize that. The new petroleum tax could help the energy sector by attracting the foreign investment. That was a very good move in the proposals, but part of our own under-utilized, untapped or disused wells that have been laying around, while we are calling the foreigners "Come in and have a free-for-all; give me some money and we will give you lower taxes and so on. Come and invest, drill and see if you get oil. If you do not get oil, well pack up and go home." I do not know. What about the wells we have already drilled? We have left them there unattended, disused and so on. What are our proposals for those? I wonder if the hon. Minister of Energy—

Mr. President: Senator, you have already utilized your 45 minutes. You may continue, but I am just letting you know.

Sen. Mahadeo: Thank you, Mr. President. I wonder if the hon. Minister would be able to help us with those disused wells.

Sen. Barnes: Mr. President, in the Petroleum Taxes Act, there were considerable incentives granted to workovers and secondary recovery processes, which in fact, embrace the wells.

I do not want to take up too much time, but fundamentally, the advantage of merging the two companies removes a number of the legal hindrances—leased lines; that they cannot come within 300 feet, and the geographical disposition where a man from Pointe-a-Pierre has to go out to Fyzabad to work with a well because they are separate and perceive themselves to be legally separate. So, there is the possibility of the redeployment, the incentive of the workovers and above everything else, there is also the attraction for the farm-outs among the local people, all of which we hope will increase the local production.

The point I was making is that, in fact, it is that production which is giving us revenues now and we must seek to maintain, or at least reduce the decline, while we are doing the other thing on the other side, etc. I am sorry, Mr. President, to have taken so much time, but it was a rather extensive answer.

Sen. Mahadeo: Thank you for enlightening me on that aspect.

The Government must facilitate all sectors of productivity. As I said, I was wondering what was happening to agriculture and the manufacturing sector. To me, agriculture and manufacturing go hand in hand and ought to be encouraged.

I say this, and I say it with no apologies. This budget neither helps the country nor hinders it. It is as neutral and passive as can be. As I said, it is standing at ease or marking time.

Government is looking to the private sector to playing a key role in the creation of investments and employment, but how can this sector provide jobs if the fiscal policies put additional taxes on it? Even though the business levy is relatively small, as I said earlier, additional burden is placed on small and medium businesses, and even on the larger ones, because of the increased utility charges imposed on them.

I know the Minister of Local Government asked: What of that, electricity charges and this, that and the other? How much is that to a big business conglomerate?" That is neither here nor there. *[Interruption]* It was Sen. Ainsley

Mark, indeed. He sits there very quietly and allows me to put the stranglehold on the Minister of Local Government. I am sorry about that hon. Minister.

7.00 p.m.

The \$4 billion boost to the construction industry does not address the question about peripheral roads and things that I spoke of earlier, Mr. Minister of Planning and Development. I am hoping that you will allocate some more funds or, maybe during your time in the 1993 budget, you would see that some part of that money allocated to construction is put into these peripheral and access roads, water and other amenities.

I am happy to see that the sprucing up of the VAT and Inland Revenue Departments is going to be coming pretty soon. I see there is a specialist from outside who has been brought in on it. I feel a little worried over this situation because it would be very difficult to recruit the kind of staffing unless you are going to be training or retraining members of that very department to take up the positions as field auditors—I will call them field police—to police around to see which ventures are not giving of their dues. In any event, capable and competent persons from outside will not be attracted to come under the present salary structure that is put there to pay these people in the public sector and Inland Revenue Department.

I sympathize with the Minister of Finance and the junior Minister, for both of them have found themselves between the devil and the deep blue sea, neither of which I assume they relish. But they have to get on with the job on hand, and as I said, they took the courage and guts to put in the stringent measures which they did in this budget. I commend them for it. In buckling up their belts they make us buckle ours. Is the small man out there going to buckle his or her own belt? He wants to know where he is getting the next meal from. If he goes to the health office will he get tablets or be sent with a prescription to buy them outside? These are the things we understand inside this Chamber but does the poor man out there realize these things? Does he know what is happening inside of here—that we are controlling their destinies outside?

There has been no stimulation of the economy or job creation ventures. The matter of corporation and individual tax was not addressed properly. I heard it get a proper beating earlier today and even this afternoon. I think these two areas ought to be again looked at, by both Ministers. As I said, I am not an accountant nor am I an economist but, from my common sense reasoning I have come to this

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judgement. There has been no stimulation of the economy and the business levy is clearly a disincentive for investment, as I said, and I repeat it again.

I see it is a good plan to give young people work on projects and conservation placement in state and private sectors and public utilities for specified periods. This is a good thing in that many of our youths who are at the moment unemployed or underemployed will be given an opportunity to train themselves and, at the same time, be able to earn a living. This is very commendable. Correct me if I have quoted the wrong figure. Is it \$15 million earmarked for this exercise or is it \$15 billion?

I see that \$956 million has been allocated for the PSIP in which projects were identified for economic infrastructure. Again, these things that I have spoken about. But the same PSIP proposed capital expenditure of \$60 million on agriculture, fisheries and forestry. This is a rather small allocation. I leave that for Professor Sen. Spence when he is speaking. I know agriculture is his pet subject. I just mention it in passing through. The Government has few options, as I mentioned. No mention has been made of the indebtedness to the public service employees and the workers of Caroni (1975) Limited.

There is a spectre of a trade war menacing the world economy. Our budget is based on an average oil price of US \$21 per barrel compared to US \$19 last year. The unemployment rate rose from 18.6 per cent in 1991 to 20.2 per cent. in 1992. This 1993 budget has not adequately addressed, in its proposals, the questions of achieving sustainable economic growth, the reduction of unemployment and the restoration of adequate levels of foreign reserves.

We can hope that both Ministers of Finance—I did not expect our junior Minister here today. I had actually made my winding up to be addressed to the hon. Minister of Finance, Hon. Mottley who had presented the budget. However, I know the junior Minister is going to pass on my words to him. As he has gained laurels in the field of athletics with the agility of his legs, so would he, I hope, get us to winners row in our country, and indeed himself and yourself, with the self same agility which is the brainchild, I think, of both of you, this budget .

Thank you very much, Mr. President.

Sen. Deodath Ojah-Maharaj: Mr. President. I am particularly happy to make a contribution on this debate and to express my sincerest congratulations to the Minister of Finance and also to the junior Minister of Finance who has played a very important role in that ministry over the past year.

The PNM has stated very clearly in its 1991 manifesto—I would like to point out that within one year, the PNM has written three manifestos: The one we went to the electorate with in 1991, the one for the local government elections and the one that is being tested at present in the Tobago House of Assembly elections.

We come to this country with a track record of putting forward to the population the policies and programmes of the Government, and the party that I have the honour to represent, and give the electorate the opportunity to judge us based on our performance.

7.10 p.m.

I would like to refer to the vision of the 1991 manifesto at page 6. One paragraph states:

"There can be no rest until poverty is completely eliminated; until all are housed; all clothed and fed; all educated; all find meaningful employment and feel a sense of security and belonging to the family of Trinidad and Tobago."

Sen. Hosein: What year was that?

Sen. Ojah-Maharaj: 1991.

This is a vision. When you come into government and you have a vision for the people of your country and your nation, the vision will unveil itself from time to time, unlike my friends in the Lower Benches, they deal in a very *ad hoc* manner with the population. We do not intend to deal with the public in an *ad hoc* manner. We come to the population this time with our second budget, which is intended, and has been so aptly stated in the Minister's address from stabilization to growth.

Over one year, we have been able to re-enter the international forum for loans and to put Trinidad and Tobago into the international market once again. One would appreciate that during the period 1986 to 1991 this country experienced a severe attack from those who belonged to NAR. I made the observation today, that it is a pity that the minor opposition group is not represented formally in the Front Benches. I felt that the minor opposition group should be given representation at the level of the Senate, so that they too can defend whatever policies they imposed on the people when they were in government. As it is now, we know that they are well represented there, therefore those who represent them will answer for them from time to time.

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We on this side remain committed to the whole question of the small man. One gives the impression—

Sen. Hosein: Would you give way? I wonder whether the hon. Senator would tell us whether his party is now articulating proportional representation?

Sen. Maharaj: Not at all. We are not articulating that. I was just making the observation, because I feel very strongly that some of the sufferings which the country is now going through, are because of the policies of the last administration. Therefore, when you try to put the blame on this administration, it is very unfair. We found ourselves in a situation where we have had to step in different ministries to rectify situations and to pull back the country onto the right course. This is what we have been doing over the past 10 months, very comfortably, without laying any blame on any one, unlike the last administration, when they got into office. You will appreciate that when they got into office, they started an onslaught on the public servants.

At this point in time, I would like to commend very highly, the public servants who are here with us in this assembly and those who are not here, who have been working very hard on budget statements and in different ministries to bring the vision of the PNM into fruition. The PNM, as a good government, recognizes that you cannot get implementation if your public servants are not comfortable. This is why, barring the fact of the—you will be surprised to know how comfortable the public servants are with this administration. This is why they are giving very long hours and working very hard and comfortably with our ministers.

While we were in opposition we had made the point that by alienating and attacking the public servants, the last administration made it difficult for themselves. Therefore, in recognition of that and the fact that we have always given due recognition to the public servants, this administration deliberately has within the Cabinet a Minister in the Office of the Prime Minister responsible for public administration. Therefore, the public servants can be assured that the state as the employer, has at the highest level of the government a minister who is relating to the public servants. The minister himself will give an update on what has happened so far, but I can tell you that he has been addressing the problems of public servants all over the country. They are quite happy and very comfortable to know that they are being addressed at that level.

One wonders whether or not those in the Lower Bench give due recognition that this administration is treating the public servants with respect, and we are

being very accommodative to the public servants. We also recognize that if we do not work together with the public servants we will not be able to serve the community as we would like to.

Sen. Hosein: Pay them.

Sen. Ojah-Maharaj: I am not the Minister of Finance who deals with the whole question of the payment to the public servants. This Government gives recognition to good industrial relations practice in this country. Sen. Wade Mark is aware of that. We are fully cognizant of the role, as a social partner, of the trade union movement in the development of the country.

Sen. W. Mark: Can I ask my hon. Friend a question? If the Government is so consciously aware of its responsibility towards this social partner labour, how come the Government has laid a *Medium Term Policy Framework*, 1993—1995, without any discussion or consultation with the labour movement?

Sen. Ojah-Maharaj: In another place that question was also asked and the Minister of Finance gave the assurance that he had consulted with NATUC on the whole question of the medium-term plan. We would not allow Sen. Wade Mark to give the wrong impression to the population, that we are not in consultation.

Mr. President with your permission, in dealing with NATUC, I will like to ask Sen. Wade Mark—this is being a bit political, but I do not want to be political—when the Leader of the Opposition stood up in Rienzi Complex and said that members of NATUC are racial and they are not supporting the sugar workers, how did he feel about that? Attacking other leaders of the trade union movement and calling them racial. But again, from that party that they represent, we are accustomed to reckless statements coming from those persons within that party. I am not surprised.

7.20 p.m.

I am going to continue on the budget. As I said, I do not want to be too political. Sen. Carrol Merritt raised a number of points concerning the old age pensioners. She felt that sufficient is not being done for them.

I would like to state, Sir, that in addressing the whole question of old age pensioners, over the period 1992, as part of the ministry that has the responsibility for pensioners, the disabled, elderly and disadvantaged groups in our country, the following grants were administered in 1992 through the Social Welfare Division. During that period, a sum in excess of \$178 million was disbursed through grants

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of old age pension to a total of 60,959 persons. This is almost 75 to 80 per cent of the persons who are eligible for pensions in the country. Therefore, the Government did, within a short period of time, spend almost \$200 million on the elderly of the country, while a total of 24,518 persons received public assistance, which amounted to the sum of \$52 million for the period January to October, 1992.

The fact is that the matter has been receiving the attention of the Government and further to that, attempts are now being made to look at the whole question of revising the Act that deals with old age pensioners. Government recently signed a declaration on International Day of the Elderly, which was celebrated here, and Government is looking to amend the Pensions Act to make it much more workable. We cannot at this point say what will come out of that.

On the question of the abuse of children. We have been attacking that from a number of fronts. Under legislative action, the Children's (Amdt.) Bill, 1992, which amends the Children Act, proposes to widen the protection for victims of child abuse by, *inter alia*, making provision for a new order to be known as the care order. This order seeks to remove the constraints which attend the order which can be made at present, that is to say, adoption of children and how to treat abused children. We are trying to break down the bureaucracy so that we can take hold of the children, conferring on social workers the powers to remove children who are in abusive situations to places of safety.

Sen. Mahabir-Wyatt: I wonder if the Senator would let this Senate know when these provisions are going to be laid before Parliament because we have been waiting for these for a long, long time.

Sen. Ojah-Maharaj: I cannot give a time frame, but I am told that this Bill will be coming very early to Parliament. I am not going to say shortly. I am not the minister, but I can give you the assurance that it is being actively addressed by the minister and the ministry concerned.

It is a new area of operation that is now coming to light within our society and, therefore, we have to be very careful how we move on it and we have to have the staff to deal with that. On the basis of that, Government has offered 12 scholarships per year to persons entering the social work diploma programme at the University of the West Indies, St. Augustine. The first batch of 12 will be re-entering the system at the end of the present academic year. So, we are preparing a staff who can come out and deal with the whole question of child abuse.

Cabinet also recently approved a national plan of action for the survival, protection and development of children in the 1990s. This is a plan of action that was declared by the United Nations. We are signatories to that and we are hoping very early to be able to come with some proposals to Parliament whereby we would be able to deal effectively with it.

The Ministry of Consumer Affairs and Social Services has accessed funding for a study of children in especially difficult circumstances. We are dealing with the whole question of street children. It is a new phenomena in the country. We do not have as many street children as say, Brazil or India. It is nearing completion and a report is expected to be submitted to the ministry shortly. A programme is going to be developed very shortly in the Ministry of Social Services as to how we will deal with street children. *[Interruption]*

This note was provided by a senior public servant. I am not ashamed to say that. These are facts and we must not derail when we get information from public servants who are honest people who are serving this country. I therefore will appreciate if Members have a question to ask on what I am saying that is all right, but if you are asking me where I got my notes from, it means that you do not have confidence.

Mr. President: Proceed with what you are saying and avoid being disturbed otherwise your time will finish and you might not get in what you have to say.

Sen. Ojah-Maharaj: On a personal note, I join with Sen. Mahabir in expressing my concern about the subvention to Servol. This is a personal thing. I have had the opportunity to work with Servol in its formative years, as a member of the National Task Force. We were very happy that Servol came at that time, after the 1970 revolution. We, on this side, recognize that Servol has done a considerable amount of work in the area of youth development. I can give Sen. Mahabir-Wyatt the assurance that officials of Servol did meet with the Minister of Education yesterday and discussions are continuing to see how best the matter can be resolved in the interest of the youth population and in the interest of Servol, to make sure that Servol continues to service the youths of this nation.

Government continues to look at the whole question and have been giving subventions to NGOs that are involved in social development work. There is the question of the subventions granted to the various NGOs to set up for victims of child abuse. The ministry is now seeking financial assistance for the refurbishing of the following four children's homes—St. Mary's Children Home, St. Jude's

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Children's Home, St. Dominic's Children's Home and St. Michael's Children's Home.

I had the opportunity of looking at St. Michael's Children's Home in the 1970s, and since that time we have been looking at how best we can bring to the attention of the population that as a country we the need to put more into these types of institutions. It should be a joint programme between the state and the church.

Sen. Mahadeo: Mr. President, could the Hon. Senator indicate whether the St. Michael's School for Boys is still functioning and if so is it at the same habitat at Diego Martin, or is it at the West End Police Station?

Sen. Ojah-Maharaj: Yes, it is at the said site. The building was burnt some years ago and another building was constructed. The Ministry of Social Services is working very closely with the administration there to see how best we can improve it. In fact, quite recently, there was a television programme showing where the youths were involved in a number of agricultural projects—rearing of poultry and fish. We are trying to see how best we can structure that programme.

7.30 p.m.

Sen. Hosein: Can the hon. Senator tell me—I am not too sure I heard correctly—did he say that he had been looking at the St. Michael's Home since 1970; is that correct?

Sen. Ojah-Maharaj: Mr. President, it is always good, in showing one's commitment in serving your community, from time to time to speak of personal experiences. It shows one's commitment and dedication to office and also to serving one's nation.

If I say here that I had the opportunity of looking at the institution in the 1970s, it shows that I have been focussing as an individual on the institution over that period of time. Therefore, I am very happy at this point in time to be associated with an administration which is now looking at the whole question of bringing these institutions into the mainstream of the society and making sure that they are properly equipped to service the youth population. I believe Senators will agree with me. *[Interruption]* Sen. Hosein is fully aware of my involvement, we have worked together in the El Socorro area for a number of years.

Much has been said about the small man and about this Government not being committed to the small man and small business. This is a very delicate area, the

whole question of vending in the country and what has been happening over time on the streets and so forth.

There is the accusation by politicians outside there who are representing the vendors, not themselves vendors, but politicians who are there. We could have gotten involved in the whole melée, because let me say, Mr. President, that when the question of the coconut vendors and the vendors around the savannah came up, the coconut vendors—and no publication was made of this—came to me, because like all of us, we go around the savannah and we have our nuts and so forth.

I immediately arranged for us to meet with the vendors and we had two or three meetings with them. Because of the type of meetings and the type of atmosphere that prevailed during that period of time, we were able to deal with the coconut vendors separately and the other vendors. We met with the coconut vendors first. We gave them a commitment, because it is a traditional thing to have the coconut vendors around the savannah.

What was happening around the savannah, was that other vendors were sleeping on-site and all other types of activities were happening around the savannah. Therefore, there was an agreement by the coconut and other vendors that the coconut vendors would remain in the traditional spots and the other vendors were moved onto the hard court on the western side of Queen's Park West. They are still there, very orderly now. Therefore we were able to resolve that as the Government.

We are moving to resolve the whole question of vending in Port of Spain. The Minister of Local Government will deal with that. However, I would like to draw to the attention of Members here that there was a vending situation at the airport, too, where I live, around the Piarco Airport area. This administration, through the Airports Authority, developed a very nice complex for the vendors who were on the street or on the Piarco Main Road and now they are housed in a facility that cost the Government in the vicinity of \$180,000 and you can go there comfortably now.

Sen. W. Mark: It was the NAR that did that.

Sen. Ojah-Maharaj: No, this was done by the PNM. This is what is happening. They do not give recognition when good things are done. Right now people can go to that complex. I invite Senators to go to that complex when they

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are near the airport and see the complex and probably patronize the vendors of doubles, coconuts—there is a particular chicken that we go there for at night.

The point I am making is that, when you land in Tobago, the last administration established nice facilities for the benay balls and other delicacies; and similar facilities are now available at the airport in Trinidad where you can go and get a local delicacy. That was done by this administration on its commitment to the small man.

We recognize that small business is an important sector in generating both employment and economic activity in this country.

One would recall in 1979, Dr. Williams—and Sen. Ainsley Mark was closely associated with the Small Business Association, with the whole question of the development of the small business sector. Sen. Ainsley Mark acted as an advisor with the Small Business Association. Since 1979, a more positive commitment was given by the PNM to the whole question of the development of a small business sector.

Therefore, the Minister of Finance comes now and says that there would be exemption to the Small Business Development Company of corporation tax. To facilitate the provision of its services to a wider cross-section of small entrepreneurs in the community, Government has agreed to exempt the SBDC from the payment of corporation taxes on profits.

On the basis of that, one finds that a small business company would be able to make its services available to a wider cross-section.

There was also the suggestion that we are stultifying entrepreneurs' skills in the country by charging vendors \$25. I want to tell our colleagues—and I am surprised that Sen. Hosein did not in any way try to influence his colleagues who were leading the vendors—to let them know that to develop good entrepreneurial skill, the first thing you have to learn is to pay your bills.

What should have been done, on that side, because they had a great input in the whole question of vending, is that if the vendors were not able to pay the \$25, there should have been some negotiation taking place, "Okay, we are going to pay \$5 and every day we will pay \$5 until the \$25 is paid off". But we have to develop in our people the proper skills and entrepreneurial approach so that they can become good businessmen. This is what we are trying to do.

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I would like at this point to commend very highly two young businessmen in this country who had the foresight, in keeping with the trade liberalization programme that has been embarked upon. Two young businessmen in separate political camps; one was within the UNC fold. Quite recently, he had to move out, so as to come to his senses, and they came and formed what is known as a marketing company, "Jamar", a merging of Jaleel and Amar, who hold franchise for Pepsico's products, 7-up and Pepsi.

They came together as good businessmen and entrepreneurs. They formed one marketing company, hoping now to do their distribution together, hoping to share the advertising and marketing bill and, more so, hoping—especially Jaleel, who has a strong foot into the European market—and Sen. Hosein might be happy to hear this—because the managing director of that particular company is a very religious person. He has gone so far as to market his products in Saudi Arabia. This is what we are telling our population and young businessmen. The Government is being a facilitator.

At the level of our embassies, we are going to make sure that we are putting people there who can source the markets. This is why you see the Government has decided to engage the services of a lobby group, Neil & Company. The intention of the lobby group—

Sen. Hosein: Mr. President, I just—

Sen. Ojah-Maharaj: Do not be afraid, they will not in any way set me up. I can take care of them.

Sen. Hosein: Would you give way? I just want to set the record straight. The marketing of Jaleel's products in Saudi Arabia had nothing to do with any governmental intervention. It was Jaleel's own entrepreneurial spirit that got him into that market and, furthermore, the market was expanded to Poland. So I just want to set the facts straight lest the Senate be misinformed.

Sen. Ojah-Maharaj: Mr. President, when people are speaking and they are not aware of the genesis of certain things, they should give us an opportunity to let them know. The Jaleel Company received a number of concessions from the last PNM administration [*Interruption*] I am talking in terms of the entrepreneurial skill and the way that the business community should go, like these two young men. But one had to move out from their fold to realize that he had to go that route. When the Senator moves out, he will be able to bring back his business. Until that time he will not be able to do it. He has got to move out of there.

Mr. President: Could we finish this debate this evening without any further interruptions?

Sen. Ojah-Maharaj: I was making the point, therefore, to be a good facilitator—and this was criticized in the other place—the Government, in its wisdom, engaged the services of a lobby group. I would like to point out that the lobby system has worked very well in the United States. "Lobby" is a term applied to special representatives of special interest groups who seek to influence legislative and administrative decisions of Government.

It is necessary, Sir, that we have intelligence. The point was made in the other place that we should use our embassies as spheres of intelligence. It is impossible for locals, although housed outside there, to be able to know what is happening at the level of certain corporations and so forth. Therefore, you need people with that type of input who would be able to give information to our business community.

The intention is to provide relevant commercial intelligence to our businessmen to penetrate foreign markets. That is the intention of the lobby group and to keep the Government informed on a daily basis of what is happening outside there. This is what we need. Our Minister of Energy has been speaking in terms of the type of intelligence that is required in the energy sector.

Mr. President, I would have liked to deal with the whole question of housing. Senators have been making the point that the development programme of the PNM had been [*Interruption*] I am not repeating myself, at all. I can rehash the point I have made.

Mr. President, in the pre-1987 period, the PNM, during the boom days, utilized the money that they say was wasted, in the mass production of housing for lower income individuals and a provision of an appropriate environment for private sector to cater for other housing needs. Under that programme, there was a very impressive programme of achievement, in that over the period, some 32,000 units were constructed by the state.

When we came into office, in 1991, we found a programme of the last administration, where they had given the commitment to provide for the infrastructure and so on. But what happened? They were making it available to individuals at \$15,000 to \$25,000, before the issue of land titles.

We have turned that around—because of our commitment and because there is a high demand for housing units—the demand right now is for about 100,000

housing units. Right now, there are about 100,000 people waiting for housing. Therefore, we have to move very fast to see how best we can devise programmes and policies to satisfy that need.

We have decided to give the people their land title at a minimal cost and without the infrastructural cost. It is about \$13,000 to clear it, to pay initially at about \$0.25 per square foot. What will happen is that we will give the title now, we will put in the infrastructure. We will make available a loan from the TTMF and on the basis of the cost of the infrastructure, the person will pay in the vicinity of \$50 annually for the period of 25 to 30 years until the cost of the infrastructure is paid. But we are making it available at this low level so that people can start to enter the sites and build their houses.

On the question of the squatter regularization programme, when we demitted office in 1986, at that point in time, there were about 7,000 squatters on state land on the books. But the last administration came with a reckless programme in terms of the Sou-Sou Lands concept. They, like most of the Senators on the other side were saying, land for the landless and everybody is entitled to land. We have no problem with that. We are aware that everybody is entitled to land. But development in the country must be in a structured and organized way.

When they came with the concept of land for the landless in 1986, everybody went and started to occupy land. Therefore, at this point in time, we have to deal with about 50,000 squatters, 25,000 of are on state land—and I believe Sen. Capildeo might be experiencing this problem down in Diego Martin.

Sen. Capildeo: The PNM used to give them letters to squat on my land. Documents are filed in the High Court.

Sen. Ojah-Maharaj: I can give Sen. Capildeo the assurance that what is happening now is that efforts are being made to regularize the whole question of the squatting situation and to contain it. In areas like Dundonald Hill, Bonair, Brazil Village, Picton, Quarry, Demerara Road, Lawrence Wong Road in Longdenville, Madras Settlement and so on. We are moving now to make sure that we are putting in the infrastructure, that we will regularize the situation and try, as far as possible, to contain the question of squatting in this country.

I would like, also, Mr. President, to bring to the attention of hon. Members opposite that another area of development that will soon take place in the east is the construction of the centralized racing complex. That, I am certain, is going to generate some employment, again, for people in Maloney, Carapo, Malabar

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area—Sen. Carol Merritt might be happy to hear this. The sod was turned quite recently by my colleague, the Minister of Trade, Industry and Tourism. That, too, would afford some employment in terms of construction. The people in the Carapo and O'Meara area, in particular, I have personal knowledge that they have been receiving employment in that racing club area in Arima for a long time. Therefore, with the expansion of the racing complex, more permanent jobs are going to be created and the linkages of the supply of material and service and so on are going to increase and there will be more employment for people in the area.

Mr. President, I would like to end my contribution by thanking Senators for the opportunity and for giving me their hearing. But more than that, I would like to, again, congratulate Minister Valley. He is not junior, he is a senior minister within the Government and, therefore, he comes here as a senior minister to represent the Minister of Finance. I commend him.

I thank you, Mr. President.

Motion made and question proposed, That the Senate do now adjourn to Wednesday, December 2, 1992 at 10.00 a.m. [Hon. L. Saith]

Question put and agreed to.

House adjourned accordingly.

Adjourned at 7.50 p.m.