

*Leave of Absence*

*Tuesday, December 15, 1992*

**SENATE**

*Tuesday, December 15, 1992*

The Senate met at 1.30 p.m.

**PRAYERS**

[MR. PRESIDENT *in the Chair*]

**LEAVE OF ABSENCE**

**Mr. President:** Hon. Senators, I have granted leave to Sen. Surendranath Capildeo to be absent from sittings of the Senate during the period December 14 to December 26, 1992. He will be out of the country.

I have also granted leave to Sen. Camille Robinson-Regis and Sen. John Rooks to be absent from today's sitting of the Senate.

**LATE ARRIVAL**

**Mr. President:** Sen. Pundit Ramcharan Gosine has indicated that he will be a little late for this afternoon's sitting of the Senate.

**SENATOR'S APPOINTMENT**

**Mr. President:** Hon. Senators, I have been advised that His Excellency the President has appointed Mr. Dave Nigel Cowie to be a temporary Senator during the absence from the Senate of Sen. Surendranath Capildeo with effect from December 14, 1992.

**OATH OF ALLEGIANCE**

*Sen. Dave Nigel Cowie took and subscribed the Oath of Allegiance as required by law.*

**CHRISTMAS GREETINGS**

**Mr. President:** Hon. Senators, I have received the following communication from the President of the Republic of Trinidad and Tobago, His Excellency Noor Hassanali:

"On behalf of my wife and myself, I wish you and the honourable Members of the Senate and your respective families, peace and happiness during the Christmas holidays and throughout the new year.

Sincerely Yours,

(Sgd.) Noor M. Hassanali,

President."

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**The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith):** Mr. President, on behalf of Members on this side, I ask you to convey to the President our thanks for his greetings.

I also ask that our own Season's Greetings be conveyed to the President, Mrs. Hassanali and their family.

**Sen. Wade Mark:** Mr. President, on behalf of the United National Congress allow me to reciprocate by wishing the President of the Republic of Trinidad and Tobago, his wife and family, warmest greetings for the season.

Also, we extend to the President and his family our best wishes for continued health, strength and peace in this yuletide season and for the coming year.

We hope that on the President and his family Almighty God will continue to shower his choicest blessings.

**Sen. Michael Mansoor:** Mr. President, on behalf of the Independent Senators—whose leave I have on this occasion to speak on their behalf—I join with all the other Members of the Senate in communicating fondest greetings and best wishes to His Excellency the President for Christmas 1992.

We take this opportunity to also wish him all the best for the new year, 1993.

Mr. President, we also wish you and your family all the best for the season.

**Mr. President:** Hon. Senators, I join with the leaders of both parties and the senior Independent Senator in thanking His Excellency for his good wishes, and in reciprocating best wishes for Christmas and the new year. A letter will be sent.

Later in the evening we shall probably have our own domestic exchange of greetings.

#### **INCOME TAX (AMDT.) BILL**

Bill to amend the Income Tax Act, Chap. 75:01; brought from the House of Representatives [*The Minister of Finance*]; read the first time.

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

*Question put and agreed to.*

#### **PAPERS LAID**

1. Report of the Auditor General on the Accounts of Telecommunications Services of Trinidad and Tobago Limited for the fifteen-month period ended March 31, 1992. [*The Minister of Planning and Development (Hon. L. Saith)*]

2. US \$100 Eurobond Issue. [*Hon. L. Saith*].
3. Report of the Auditor General on the Accounts of Trinidad and Tobago (BWIA International) Airways Corporation for the year ended December 31, 1990. [*Hon. L. Saith*]
4. Report of the Auditor General on the Accounts of Trinidad and Tobago (BWIA International) Airways Corporation for the year ended December 31, 1991. [*Hon. L. Saith*]

**Draft Energy Policy  
(Green Paper)**

**The Minister of Energy and Energy-based Industries (Sen. The Hon. Barry Barnes):** Mr. President, I beg to lay on the Table a paper entitled "A Draft Energy Policy for Trinidad and Tobago"—Green Paper with your indulgence, I should like to say a few words on how Government proposes to proceed in respect of this Green Paper.

All of us are aware of the importance of the energy sector to the economy of Trinidad and Tobago. Government certainly in its manifesto, has said, among other things, that it wishes to:

"— create a national and non-partisan attitude towards major Government decisions in this sector."

The Government also said:

"Major initiatives will include:

— the establishment of an appropriate mechanism, at the level of Parliament if feasible, within the model of a parliamentary democracy, to provide for consultation on national energy policies between Government and Opposition."

The Government also undertook to have:

"— consultation with the Trade Union movement on the formulation of national energy policy."

**1.40 p.m.**

It is for this reason that Government has proceeded to lay a draft energy policy document as a Green Paper to allow the opportunity for widespread consultation.

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The hon. Prime Minister will be contacting the hon. Leader of the Opposition to set up the mechanism for consultation on this document. The Ministry of Energy will be forwarding copies of this document to the relevant trade unions, the professional bodies and I have a very long list, National Trade Union Centre, Oilfields Workers' Trade Union, National Petroleum Staff Association, Seamen and Waterfront Industrial Staff and Management Association, Society of Professional Engineers, Geological Society—all the people who are involved—seeking their written comments.

We expect that public comment and comment from the various companies and unions etcetera will take place over the period from now until the end of March. Thereafter the proposal is that the documents will be formally debated in both Houses, after which Government can proceed to draw up a White Paper that will reflect a national energy policy for Trinidad and Tobago which will guide the energy sector development of the country over the next several years.

We are hoping, in recognition of the importance of the sector, that all of us will participate so that the eventual White Paper will be something that can serve us all and serve the country. I thank you, Mr. President.

#### ORAL ANSWERS TO QUESTIONS

##### **Bridge Repairs (Arima)**

**22. Sen. Wade Mark** asked the Minister of Local Government:

Could the Minister of Local Government state when the bridge at Mt. Pleasant Road (Arima) leading into Blanchisseuse would be repaired?

**The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith):** Mr. President, I seek the permission of the honourable Senate to have this question deferred until the next sitting of the Senate. The information is not yet ready. While I am on my feet, may I also ask that questions 28 and 30 be also deferred.

*The following questions stood on the Order Paper in the name of Sen. Roi Kwabene.*

##### **North Post Road (Repairs to)**

**28. (a)** Will the Minister inform this House how soon the North Post Road (access to TSTT Marine Wireless Station) in Diego Martin will be repaired?

- (b) Is the Minister aware of the dangerous landslips that have occurred in this area posing serious threat to both pedestrians and motorists?

**Library Facilities  
(Construction Costs)**

- 30.** Could the Prime Minister inform this House of the estimated cost for proposed plans to construct new library facilities in Port of Spain on the site of the old Fire Brigade Station?

*Questions, by leave, deferred.*

**Diego Martin Post Office**

- 29. Sen. Roi Kwabene** asked the Minister of Public Utilities:

- (a) Is the Minister aware of the state of disrepair of the roof of the Diego Martin Post Office?
- (b) If the answer is in the affirmative, could the Minister state how soon work will commence on the same to alleviate the inconvenience suffered by both staff and members of the public?

**The Minister of Public Utilities (Hon. Morris Marshall):** Mr. President, the Minister has been apprised of the condition of the roof of the Diego Martin Post Office. The Minister wishes to advise this honourable House that the matter is currently receiving the attention of the Maintenance Division of the Ministry of Works and Transport and remedial works, which are estimated at some \$50,000.00, will commence early in 1993.

The Minister wishes to advise further that major improvement—and extension—to existing post offices is an ongoing exercise funded under the development programme of the Post Office Division. In an effort to alleviate the inconvenience suffered by both staff and members of the public, repairs to the Diego Martin Post Office will be treated as an urgent project under this programme of works.

**INCOME TAX (AMDT.) BILL**

**The Minister of Finance (Hon. Wendell Mottley):** Mr. President, when the 1993 Budget was presented, it was stated that it was intended that the budget be in balance. That is, that we would move from a situation where there were net borrowings in 1992, to being in balance in 1993. It is also forecast in the *Medium-*

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*Term Policy Framework*, which was tabled in Parliament, and which hon. Members would have had copies of, that in 1994 we would have to move further, in that in 1994 we would contemplate going into a one per cent GDP surplus. All in all, in a relatively short time, two years, that distance that would have to be covered on the fiscal account would be in excess of \$500 million to achieve balance initially; and then a surplus of one per cent in 1994, which is quite some considerable distance to be covered either by expenditure reductions or increased tax collections.

Clearly, in recognition of that and after a period of prolonged restraint in expenditure and continuous increases in rates of taxation over the last several years, the Government undertook to critically examine its revenue side. It is clear that there are significant areas in the tax collection net that can stand scrutiny and that must be tightened in this period of moving first to balance, and then to surplus, before the Government moves to increase rates of taxation. Therefore in the 1993 Budget were outlined several measures whereby, through improvements in the administration of tax collection, we hoped to increase our revenues quite substantially without, in fact, touching the rates of taxation.

Already put before both Houses of Parliament are the measures that we are undertaking to improve collections in VAT, to improve collections through the introduction of the revenue protection agency in the Inland Revenue Department and especially and ongoing right now, measures to improve collections in Customs administration. In that framework we cast the measure before you right now, that is, in our review of all this administration, there are some matters that are not purely administrative, but which we found needed some legislative changes and, therefore, the measure before you right now, the *Income Tax (Amdt.) Bill, 1992* has five objects in mind.

They are simply to—

- (1) amend the *Income Tax Act* to provide that a deduction under section 21 regarding donations to charity be limited to 15 per cent of total income;
- (2) amend the provisions relating to the taxation of interest on savings and other accounts to include interest payable on loans secured by bonds or other similar investment instruments, so that such interest would be subject to tax at source at the rate of 15 per cent, just as with savings within the banks.

- (3) introduce income tax relating exemptions to premiums and rents in respect of residential, industrial and commercial buildings, which were proposed in the budget that was read only a few short weeks ago.

**1.50 p.m.**

- (4) amend the provisions relating to the payment of income tax by quarterly instalments, in order to correct the formulation which provides for a margin of error in computing the estimate of tax payable.
- (5) amend the provisions relating to the treatment of expenses and allowances to directors and other employees in businesses in order to introduce conditions under which contributions by employers to a fund or under a contract to provide retirement benefits for employees, will not be considered taxable benefits to employees.

Those are the five objectives of the bill and I would therefore propose now to take you through, measure for measure, and in some detail. I, therefore, start with the bill, at clause 1.

The Act, with the exception of section 7, shall come into operation on January 1, 1993. Section 7, however, comes into operation on January 1, 1992, and relates to the payment of taxes by quarterly instalments. It principally affects the fourth quarter which is due December 31, 1992.

I wish to make it abundantly clear that section 7 does not seek to impose any new or any additional tax burden. It merely seeks to correct the formulation for the calculation of quarterly instalments payable in respect of a person's tax liability.

Clause 3 seeks to amend section 21. This provision was introduced by the Finance Act of 1991 and provided for donations to charitable bodies under a one-year deed of covenant to be tax deductible. Prior to this amendment, one had to make donations for two or more years under section 74, which deals with settlements. However, section 21, provided no limit in the amount deductible for tax purposes. Whereas section 74 provided a limit of 15 per cent of total income. This was inconsistent and appears to have been an oversight in the original Act.

Clause 3 seeks, therefore, to rationalize these provisions so that deductions in respect of contributions under section 21 or 74, or under both these sections, would be limited to 15 per cent of total income.

Proposed section 21(3)(a) introduces a provision requiring the payment of withholding tax where payment is made to a non-resident under section 50. This is

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a provision which is applicable to settlements under section 74 and will now be applicable also to section 21.

Proposed section 21(3)(b) requires the deed of covenant to be duly stamped by December 31 in the year in which it was executed. This is necessary to prevent persons from backdating these deeds of covenant for previous years and then seeking to claim deductions for those years, a practice which has become quite rampant. I have been informed by the Board of Inland Revenue that there is a problem in this area and some of these backdated covenants may not be *bona fide*. A similar provision was also introduced under section 74 in relation to settlements by clause 6 of the bill.

Clause 4 seeks to amend section 34(a) to provide that interest payable on loans secured by bonds or other similar investment instruments would be subject to tax by deduction at the rate of 15 per cent, just as at the banks. This provision, in effect, reduces the tax payable on interest arising from bonds and other investment instruments which are at present subject to tax at scale rates which go up to as high as 40 per cent. It would also simplify the administration of these taxes.

Clause 5 introduces a new section 45(a) which exempts from personal and corporation tax, all rental income and gains or profits derived from the initial sale of residential, commercial and industrial properties, the construction of which begins after January 1, 1993 and is completed by December 31, 1994. You will recall that this was an incentive given to the construction industry in the budget presentation which had as its primary goal the stimulation of construction for employment-generating purposes. In order to take advantage of these incentives, approval must first be had from the Minister responsible for Housing in case of residential construction, and in case of industrial and commercial properties, the responsibility for approval lies with the Ministry of Industry.

It should be noted that residential property has been defined to include flats and apartments under section 2 of the Housing Act, and that the tax exemption being introduced by this clause applies to houses that do not already qualify for tax relief under existing provisions, that is, sections 42 to 46 of the Income Tax Act, in that the construction cost must exceed \$250,000, with the present situation. Under \$250,000, are covered by other provisions.

This exemption will apply to premiums and rents from, and profits on, the initial sale of qualifying buildings up to and including the year 2000. It would also extend to dividends paid out of exempt profits. This, we believe to be a very strong stimulus and we are quite hopeful that it will have the desired effect.



Clause 6, as indicated earlier, seeks to introduce in relation to settlements a provision similar to that introduced by clause 3, in relation to one-year deeds of covenant, in that it seeks to prevent a person claiming a benefit in respect of a settlement, unless that settlement was duly stamped in the year in which it was executed. As explained before, this provision is being introduced to limit the incidence of abuse in this area, all part of the business of tightening certain loopholes and so forth in the general desire of improved tax administration.

Clause 7 proposes an amendment to correct an existing anomaly in the provisions relating to quarterly instalments. Prior to the year of income 1988, a person other than a person earning emolument income was required to make quarterly instalments in respect of his current year tax liability based on his declared liability of the previous year. In 1988 an amendment was introduced which required a person whose chargeable income for the current year was likely to exceed that of the previous year, to pay instalments on the basis of his estimate of the current year's liability. However, the amendment allowed such a person a margin of error by providing that he would only be liable to pay interest if his quarterly instalments for the year amounted, in aggregate, to less than 80 per cent of his tax liability as reported on his return.

This provision, in effect, allowed the payment of only 80 per cent of the person's estimated tax liability and allowed him to defer payment of the other 20 per cent until April 30 of the following year. That deferment, especially in the case of large payments, oil companies and so forth, could seriously upset the cash flow situation of the Ministry of Finance.

The Board of Inland Revenue assures me that in certain circumstances this provision may allow a taxpayer whose chargeable income for the current year exceeds that of the previous year, to pay less in quarterly instalments than he otherwise would have. If we could take an example: If the taxes on chargeable income for the previous year is \$90 and for the current year it is \$100, the new provision allows the taxpayer to pay in quarterly instalments, \$80 only. This was clearly not the intention of the 1988 amendment.

**2.00 p.m.**

Clause 7 therefore seeks to correct this problem by requiring the taxpayer, whose estimated chargeable income for the current year is higher than that of the previous year, to pay quarterly instalments amounting to the total of the previous year's liability, plus 80 per cent of the increased liability. Going back to the

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example that I just used, if the given amount payable would then be \$90, plus eight dollars, that is to say \$98 would be payable instead of \$80, under the current situation—before this amendment is passed.

Clause 8 seeks to prevent tax avoidance, whereby employers and certain of their employees may collaborate to create benefits for these employees which, by virtue of section 134(6), it is being contended, are not taxable in the hands of the employees. It appears that employers at present are paying the employees in question less than they would otherwise pay them in salaries, then using the retained moneys to purchase deferred annuities or retirement funds from which the employee is allowed to take loans which are not usually repaid. I see Senators on the other side smiling.

The benefits which are intended to be available to the employees at retirement, are thus made available to them immediately, and it is being contended that these benefits are not taxable. This situation started as a trickle, but then became quite serious and resulted in a haemorrhage. In fact, several insurance companies began to sell these types of annuities as part of their marketing efforts. It is our opinion, and advice, that, in fact, the benefits are taxable, even at present, but the matter could be contested in the courts and it could be a very, very long time in final settlement, up to the Privy Council.

Therefore, out of an abundance of caution, we bring clause 8 which seeks to reduce this incidence of tax avoidance in this form, by providing that contributions made by the employer towards the creation of retirement benefit of this kind, be deemed to be a benefit in the hands of the employee and, therefore, taxable unless prior approval is obtained from the Board of Inland Revenue. Clause 8, therefore, introduces a new subsection 6(a), which sets out the conditions under which these arrangements would be approved by the Board of Inland Revenue.

This package of proposals relating to income tax, therefore, is the first in a series of tax amendments that will be brought before this Senate. To follow, there will be similar types of amendments which will bring certain changes, especially on customs, that will come as we go through the whole system of improving customs administration. For instance, we have to bring a simplified customs form which will form part of the amendment to the Customs Act, and several other minor changes. All of this is designed to be part of this general exercise of improving the administration of tax collection. It is not to be seen only, therefore,

as a legislative matter, but in a wider context where there will be staffing changes, changes in administration, computerization, etc., as part of this effort.

With these words, Mr. President, I beg to move.

*Question proposed*

**Sen. Wade Mark:** Mr. President, before I commence my contribution, let me take this opportunity to welcome the goodly Sen. Callender back from Tobago, after that exhilarating campaign, a campaign which obviously did not produce the anticipated results, since the PNM was virtually wiped out in Tobago. Let me also take this opportunity to congratulate the Leader of Government Business, who is now acting Prime Minister of the country, a post, I know, he yearns to attain on a permanent basis. *[Interruption]* Well, maybe at the next election, certainly not during this period.

Mr. President, we have before us a very important bill, the Income Tax (Amdt.) Bill, 1992. This bill, as the hon. Minister has outlined, seeks to amend certain sections of the Income Tax Act in an effort to achieve five stated objects, as outlined in the Explanatory Note, accompanying the bill. These objects are:

- (i) the deduction for deeds of covenant will be limited to 15 per cent, and such Deeds must be stamped within a specified time frame.
- (ii) interest payable to individuals in respect of loans secured by bonds or other similar investment instruments would be subject to a deduction of tax at source at a rate of 15 per cent.
- (iii) the exemption from income tax of rent and premiums in respect of certain properties constructed between January 1, 1993 and December 31, 1994; on condition that if the property is a residential one, it must exceed \$250,000, and which would exclude land.

I do not know which poor man would be able to take up that bargain.

- (iv) where a person pays tax by quarterly instalment on the basis of an estimated chargeable income for the year, and where he actually pays less than the tax liability for that year, he would pay interest on the difference between the tax liability and the chargeable income of the previous year, plus 80 per cent of the increase in tax liability of the current year.

Finally, the bill seeks to ensure that where an employer contributes to a fund or a contract with any person to provide death or retirement benefits for the

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employees, unless the Board of Inland Revenue approves same, it may be taken into account as a benefit subject to taxation.

As it relates to item (i), the 1989 Budget contained proposals in respect of deeds of covenant. It sought to eliminate deductions for taxation purposes on deeds of covenant for non-charitable organizations. Notwithstanding, deductions for charitable deeds of covenant were continued but the 1988 limitation of 25 per cent was reduced to 15 per cent of the total income of an individual. It would appear that the proposed amendment is seeking to formalize this condition, but the issue of Government's participation in terms of assistance to Non-Governmental Organizations is extremely distressing and disturbing.

**2.10 p.m.**

Historically, social welfare services have been mainly a matter for voluntary and charitable organizations. The care for the poor and aged, battered women and abused children, and even the homeless, has been largely the responsibility of NGOs, who generally exist on a day-to-day basis on miniscule government subventions and consequently, heavy dependence on public donations. The plight of the elderly in our society is testimony to the lack of caring on the part of the Government—this one and the previous ones. The Government deals mainly with what it calls recognized or registered NGOs, while there are countless other institutions and organizations which are totally ignored and receive absolutely no form of encouragement or assistance

The PNM Government has been whittling away the minuscule government subvention even to registered NGOs. One only has to recall the recent fiasco involving the injudicious butchering of the \$.3 million in allocation to Servol which was restored only through collective resistance by the independent Senators and the Opposition in this Parliament. While this has been addressed, the manner in which it was done leaves a lot to be questioned or leaves many questions unanswered. The moneys we were informed would be re-allocated. Where will this money come from? What would be the effect on the department losing the subheads? Does this imply that over-budgeting was done?

This practice represents a continuation of the Government's warped interpretation of accountability. The Parliament could expect another Variation Appropriation Bill designed to modify or alter significantly that expenditure which the Parliament authorized in the 1993 Budget. Although it is questionable

whether any other institution would have been able to elicit this Governmental response, the fact remains that allocations themselves are too small.

At the Society of St. Vincent de Paul, for example, the residents contribute their entire old age pension \$347—towards their upkeep. The average cost of maintaining one person is \$1,200, which means there is a shortfall of some \$850.00 according to one Mr. Steve Solomon of the St. Vincent de Paul Society. The rest has to be raised from public donations.

Given the increasingly negative impact of the Government's structural adjustment programme on the disposable income of the lower and middle-income groups in our country, it is obvious that donations for NGOs from this source will also decrease. When this is combined with reducing subventions, paucity of properly trained staff, the existence of poor physical facilities, the absence of an island-wide psychological and therapeutic service and the consistent inadequate funding, what we find is a clear exposure of this so-called caring regime's lack of commitment to the provision of social care services, not only for the elderly but also for many citizens in this country.

There is an urgent need for the provision of more social care services, particularly in this period of mounting unemployment and growing retrenchment, with the massive reduction in allocations to the public utilities, the various state enterprises, statutory bodies and ministries and local government; increasing crime levels, poverty, the drug menace and the plight of the increasing army of homeless and hopeless persons which our NGOs seek to address in one way or another.

We understand from our side that more hardship is in store for the poor in our land by this cruel and callous regime. According to an action plan drawn up by the Water and Sewerage Authority for the period November, 1992 to 1993, Government plans to increase water rates by some 68 per cent on average. Fifty per cent for residential and 80 per cent for commercial and industrial users. The Water and Sewerage Authority intends to approach the Public Utilities Commission in January of next year for these increases.

This so-called caring Government will be bringing to Parliament by June of 1993 legislation to amend the Water and Sewerage Authority Act to allow a conversion of that public utility into a limited liability company, along with other institutional changes.

Voluntary separation packages are to be prepared by March of 1993 to rid the authority of hundreds of employees and most importantly, the Government plans

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to move from quarterly billing to billing on a monthly basis. I raise these points in the context of this reduction or rationalization of this 15 per cent reduction in terms of deeds of covenant. The Minister explained that it was an oversight and they are seeking to rationalize this measure. At this point the Government should be seeking to ensure that those people who normally would contribute to the poor, underprivileged and underfed in our country, be given greater assistance in this matter. If there is an abuse of that provision let us know and let the Government take the necessary measures to ensure that the loopholes are plugged.

We fear that by introducing those measures it would mean that donations are going to be reduced and in light of the fact that this Government has not paid sufficient attention to the poor and to the voluntary organizations, we can expect more suffering. At a time when this Government has legislative increases for itself, at a time when the Prime Minister recently refurbished his home and built a gym, we feel that the Government owes it to the population. This measure, we contend on this side, will have a negative impact on voluntary organizations and those persons in the society who normally would contribute to them, and these homes would have to go on the open market to raise donations because of the inadequacy of funds.

The Explanatory Note to the bill states:

“Clause 4 amends section 34A of the Act to provide that interest payable to individuals in respect of loans secured by bonds or other similar investment instruments would be subject to the deductions of tax at source at the rate of fifteen per cent.”

This weak, inept and spineless regime which has been stripped naked of its discretionary power by the international lending agencies has been strong in its call for greater and increased levels of savings and the need to stimulate investment. The 1992 and 1993 budgets of the PNM made numerous references to this need. It is therefore totally confusing and absolutely amazing that tax should be placed on interest from bonds and similar investment instruments which are essentially now medium-term savings which ought to free-up capital for short and medium-term investment.

The Government under compulsion of these international agencies has apparently sacrificed its stated objectives in favour of raising more revenues. This clearly calls into question the Government's entire economic policy and the blind adherence to the policies of structural adjustment which is crippling and

terrorizing our society and our economy. It is perhaps instructive that this provision was not even contained in the 1992 Budget speech the Minister of Finance, especially in the light of its revenue raising potential.

I have searched the 1993 Budget statement without any luck to see where this measure was first propounded and why it is now being introduced behind the scenes, deceptively in this particular bill.

In 1988 the then NAR Government instituted a 10 per cent tax on interest on all classes of savings by banks and financial institutions, and in 1989 increased this to 15 per cent at source; the avenue of public disclosure was the annual budget. This deceptive, dishonest and pervert manner of introducing new measures does not augur well for the Government's integrity already blemished by clear cases of corruption.

**2.20 p.m.**

**Dr. Saith:** I wonder whether the hon. Senator would give way. Since he seems to be building a case on what is clearly a misunderstanding, I should just like to clarify.

What the measure does is reduce the taxation in most cases. Where people are now paying at margin rates of 35 and 40 per cent, it seeks to bring it down to 15 per cent.

**Sen. W. Mark:** I am saying that if we are committed to a programme of national savings—and we note that it is because of the absence of savings in this country that Trinidad and Tobago now finds itself into the clutches of the international lending agencies.

We believe that the Government is moving on the wrong course in this particular matter. There are people—if they retire at the age of 45—and this same Government is seeking to dismiss people from their employment at the age of 50. The Government has many early retirement packages and early separation packages. For instance, if these people wish to invest, what are they telling me? Are they going to source them? If I invest, are you going to tax me at the rate of 15 per cent? Is there an exemption for persons from WASA and PTSC who are going to be retrenched in 1993? He said it was 40 per cent and it has now been decreased to 15 per cent. Why not exempt people from this burden? This is a burden on people.

**Mr. Mottley:** It depends on your income.

**Sen. W. Mark:** Then, you did not say so.

I am saying that if the Government is serious about savings in this country, it has adopted the wrong course. If we are committed to that process, we look at the Government's medium-term plan as an example. The figures clearly indicate that this country is not saving. We saved 9.9 cents in each dollar in 1992. It is anticipated that by 1995 the Government hopes to save 15.3 cents. We know from the international economic standards that if we want to take off, the minimum rate or level is 25 cents in each dollar.

When you introduce measures like these, it is a disincentive to savings, particularly for those persons whose heads are going to be on the chopping block. That is another question that the Government will have to address very seriously. I understand exactly what the Leader of Government Business has said, and I am not misinterpreting the Government. I think that the Government has to recognize that in order to stimulate national savings in our country, it must introduce measures to do so and not introduce measures to discourage people from that particular activity.

We all know that we have to save more if we are to extricate ourselves from the jaws of these international lending agencies. If we do not do that, we are going to be ruined. Therefore, I cannot understand in 1993, where you have taken all these Draconian measures to cut down on public expenditure which is going to result in thousands and thousands of workers being placed on the breadline in our country, laying the basis for more instability, uncertainty and anarchy in this land, that you come to introduce a measure to punish people who seek to save.

I am saying that the Government ought to seriously rethink that measure. I want to indicate from the very outset that certainly, we cannot support that measure. We would not be able to deal with that. Sometimes when we accuse the Government—I am not accusing individuals—when we lay charges, we are told that we are not being responsible.

We call on this Government and the Leader of Government Business, who is the Acting Prime Minister, to investigate the corruption at present at the Port Authority where one agency, M & M Insurance recently threw out another one. We want the Government to investigate that because we understand that the man who is in charge of that agency was the former campaign manager of the Minister of Works. *[Interruption]* You have already told people that you did not take a vow of poverty. So we understand how you are moving already.



We feel that this is a matter in terms of savings that we need to focus on and we want the Government to pay some attention to it. We on this side recognize the need to raise our national savings rate; that we need to save at a minimum 25 cents in each dollar if we are to sustain a healthy investment and growth level.

If at this point we are able to save only 9 cents, and projected to save 15 cents in 1995, the Government has to put more imaginative measures on the table. Make out a case for the people of Trinidad and Tobago to save. If you make out a case for savings, people would save, but when the Government is going down one road with the IMF and these international lending agencies, on the one hand, and crippling the labour movement on the other, and then businesses are at war, or uncertain of the Government's policies, how can we collectively really rescue our country?

On this side we are arguing that we recognize the need for national savings, and we will do whatever we can to assist in that effort. We strongly recommend to the Government that it make out a case to this community to stimulate national savings. We believe that the business sector and the Government can do it. Labour has been crippled over the last four years, so you cannot ask labour to make that kind of contribution as how the business sector and the government would be able to make it, but I am certain that labour will be able to make a contribution. In our minds we are clear that if the Government does not work towards that end, we are going to be in Babylon forever.

As a result of the brutal reductions in wages and salaries over the last 10 years, and the retrenchment of thousands of workers, not to mention the escalating cost of living, the marginal propensity to save by the working people has in fact declined severely. The middle class has all but disappeared in Trinidad and Tobago. Trickle down economics seems to be the regime's new approach to increase the level of national savings.

You have only to look at the new residential quarters' provisions that were contained in the 1993 Budget in which the Government is seeking to provide incentives to people who are going to build residential quarters and commercial and industrial buildings. You see where I am coming from in that area. I was reading the *Sunday Guardian* and the headline for this particular story reads: "Homeowners in Trouble."

On one hand, the Government has introduced a measure hoping that it would stimulate construction, employment and greater savings in the country, but when

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we examine the major actors involved in the industry, we recognize that they are now saying that the measures which the hon. Minister of Finance introduced would not be able to achieve those objectives as outlined.

One of the measures that we are debating this evening is precisely that particular one; the question of the incentive of income tax exemptions relating to premiums and rent in respect of residential, industrial and commercial properties. I am arguing that the major players in this industry are in fact signalling to the Minister of Finance that it seems to them that this is a non-starter, because the Government is seeking to stimulate construction, yet punishing people by increasing the stamp duty; it is seeking to stimulate the construction industry but introducing measures which will be unfair to many of those people in the industry.

**2.30 p.m.**

One of the points which were raised by the Real Estate Agents Association is the fact that the Government has to contend with the bureaucratic delays at Town and Country Planning, WASA, Health, and Works Departments. Whilst, for instance, the hon. Minister of Finance is hoping that this measure will bring about some degree of rescue to the industry, it does not appear to us, from the information that we have here, that with a demand of about 9,000 to 13,000 homes a year, with the tight liquidity in the system and with all the problems associated with these measures, that the Government has thought through this properly, and certainly it is going to have some difficulty in having this implemented.

When you indicate to the country that a person would be entitled to income tax exemptions if he or she builds a property valued at \$250,000 and over, which must exclude land, which small man is going to raise that kind of money. People cannot even pay their mortgage in this country; people are in arrears and that mortgage industry, as you know, is about TT \$7 billion today. That is one industry that could blow up the financial system—that mortgage portfolio and that huge financial base that exists there.

We are saying that the Government has not catered for the small man in this particular arrangement. It seems to be going down the Reagan and Bush roads that have been paved with good intentions, both of which have led it to hell. We believe that the Government needs to pay more attention to reality and to give the small people a greater opportunity to be involved in the development process, and not have them, as they have labour today, as a mere footnote in the development

process, and when industrial relations become unstable, you call them in and say, "Gentlemen, you have to get in line because this is our programme". It cannot work.

**Mr. Mottley:** I should like to let the hon. Senator know that there are provisions already dealing with less than \$250,000.

**Sen. W. Mark:** Mr. President, the question that we wish to raise here is that if, for instance, the Government is seeking to encourage the big man to save more because the poor people and the working man have been unable to save, we have to examine the reasons why. Why is it that small people and working-class people are saving less than the rich man? It has to do with the fact of lower wages, continuing retrenchment, high unemployment, continued underemployment. There are people who have been working in the Ministry of Works since 1988 on a three-day and four-day work week. It is a permanent arrangement, and it is these kinds of things—the introduction of VAT at 15 per cent—and this Government promised to have VAT reduced. I do not know when it will be reduced, maybe in 1996 when they are about to leave office. Those are things that are crippling the small man in this country. Therefore, when you get your income today, all goes towards paying your rent, food and transport. That is what is taking place, so small people cannot save.

The Government has borrowed now; you talk about ideological bankruptcy! Whenever you raise a point they say you are Marxist and communist. They have borrowed wholesale from the USA a theory that has been discredited. It has failed, and they are now applying it. There is a new President in power who has defeated that particular failed economic theory of trickle down economics. This Government is now seeking to implement it. Their whole *Medium Term Policy Framework* is based on that foolishness; that is why that plan will never work. You cannot impose a plan on people without their involvement or participation. You cannot draw up a plan and tell me this is your plan and fall in line. You are crazy, and this is why this plan is going to fail.

Dr. Kari Levitt warned us about this thing just in 1990. You have to get the critical actors involved in the process of development and if you do not do so in deliberating and formulating those plans, they are not going to succeed. I was making the point about Arthur Lewis, our late great Nobel Prize laureate. He once warned, in a very important piece, *Economic Planning*, developing countries that if a plan is to succeed, central to that plan must be the workers' interest. You must

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put the workers' interest centrepiece and centre stage for that plan to succeed and that is why all these plans are going to fail because workers are now being used as footnotes and the Government expects to have stability and certainty by going to America and talking with businessmen and bringing them to Trinidad and Tobago without first talking to labour and letting them and all these non-governmental organizations be a part of the process.

This Government has seen it fit to establish a National Advisory Business Board to advise it on business matters in that thrust towards making the private sector the new engine of economic growth and transformation. The Government has not dealt with labour; it dealt with business. I have no problem with business but we have workers here; without workers there will be no business.

We advise the Government that its approach to development as manifested in these measures is warped, flawed and misguided. Those are its policies and those policy measures are going to place greater pressures on the backs of the working-class man and woman in this country.

We seriously advise the Government that if it continues along this path there will be developments in this country that will impact negatively on the investment climate and would further discourage savings and scare potential investors.

We should also like to advance that in a period of liberalization and privatization, it has to put into effect certain safety nets to ensure that the ordinary people—the working man and woman—are sufficiently protected. We are convinced that the Government of this country must tell the nation the truth; level with the population; be honest and sincere; let them know what is taking place.

I was coming from my home a short while ago and there was a radio programme and eight out of 10 persons who were expressing their views about the state of the country, expressed their horror and shock and warned the PNM Government that if it does not come back to Parliament and revoke the salary increases, it would not win the next election. Those are ordinary people talking. The entire population is dissatisfied with the kind of move that the Government has made at the expense of the people.

**2.40 p.m.**

Let us go on to clause 8 of this bill. The hon. Minister indicated earlier what this particular clause sought to do. But what we wanted to get from him is if these provisions are being abused, what is the loss of revenue to the country.

He did indicate in his presentation that instead of taking this matter to the courts—because those benefits are taxable—where we end up right at the Privy Council, it would be better for the Government to take measures now to ensure that there is no future abuse of this particular provision.

The Minister talked about tax avoidance. If insurance companies in Trinidad and Tobago—that already have a bad reputation for not paying people—are guilty of abusing provisions of the Income Tax Ordinance that has resulted in the Government and the people of Trinidad and Tobago being denied revenue over who knows how long, I think the Minister ought to level with the population. If people are breaking the law, I do not care who those people are, deal with them and punish them; bring those culprits to justice.

It seems to me that the Government is afraid of exposing these people or these organizations and prefers to take the easy way out, as usual. It does not have guts; that is the problem with the PNM: Always the easy road out.

We would want to indicate to the Minister and to the Government that we suspect some of these measures have not been properly thought out. We feel this is a kind of back-of-the-hand approach that the Government has adopted in its desperation and haste to raise revenue.

We, therefore, call on the Minister to tell this House and the country what the impact is likely to be on the population, given the measures that he has brought before this House, what is the likely impact or effects of these measures. You see, the Government has been introducing measures without really studying or making what is called an "impact analysis" of these measures.

The first one to be guilty of this was the hon. Minister of Industry and Tourism: "Liberalize the country, create a trading regime" and he cannot indicate to us what the impact will be. He hopes, he believes—you do not operate a society on hope and belief. He is living in the Aztec kingdom that was run on the basis of fatalism. In this modern period we cannot build an economy on the basis of economic fatalism. We cannot approach life on that basis. We feel on that basis that people are prepared to make sacrifices. A sum of \$150 million went to the oil companies in 1992; it is predicted by the Minister of Finance that another \$25 million as a result of those measures introduced in the Petroleum Taxes Bill will accumulate and go towards these companies in 1993. We had to pay for that.

Mr. President, you see that \$270 million that the oil companies have got from this country, it is the ordinary people—

**Mr. President:** Which part of the Income Tax Bill are you dealing with?

**Sen. W. Mark:** No, Mr. President, we are talking about the impact of these things. We cannot talk about an Income Tax Bill without talking about the impact of its measures.

**Mr. President:** We just had a debate in full on petroleum taxation legislation. It is out of order to refer to any legislation passed in the current session unless it is by a motion to rescind it.

**Sen. W. Mark:** I am guided, Sir.

Mr. President, I should like to say in closing that Trinidad and Tobago is in a period of stalled development. To extricate ourselves from this process requires a new psychological approach to our development process. The Government has to change its attitude and recognize that in Trinidad and Tobago the public sector has been and for the foreseeable future will continue to be the engine of growth and development.

What is not needed now, nor in the near future, is the general retrenchment of the public sector. Indeed, what is required is a heavy dose of intelligent leadership. As Dr. Kari Levitt has reminded us:

"Any programme which cannot command a critical degree of acceptance by the major interest groups within society is bound to fail."

This is precisely why the Government's so-called *Medium Term Policy Framework - From Stabilization to Growth*, is fated to collapse: Labour is not involved.

We should like to impress upon this Government that it stop using important institutions and organizations as mere footnotes in the development process.

In the *Medium Term Policy Framework*, labour's support is merely to be enlisted by the Government:

"in the fulfilment of its plans laid out in this Medium Term Policy Framework, and to engage in appropriate high level consultations as an initial step towards this end."

This is precisely why the economy of our country will continue to face instability and uncertainty: There will be no peace in industrial relations unless and until labour is made an equal partner in the decision-making process. The

PNM has learnt nothing from the works, as I said, of the late and great Arthur Lewis.

Mr. President, just as we refused to support the budget because we felt that it was deceptive, dishonest, deceitful, did not address the main issues that confront our country, did not prioritize the immediate requirements of this nation and did not tell the population what would happen to the work-force in 1993, how many workers are going to be retrenched, how the rates are going to be increased, the same way that we could not support that budget we cannot support this measure before us today.

Those measures that he has brought here, we call on him to withdraw them. If he is serious, review them, think them through properly and return to this Senate with measures that we feel ensure that the interests of the working people of our country are paramount. Give the ordinary working class man and woman in this country a chance and they can prove their mettle and their worth.

Mr. President, with those few words, I know that in this season of goodwill I shall have the opportunity to extend whatever I have to extend to you and your family and I shall wait on that opportunity.

Thank you very much, Mr. President.

**MR. LIONEL FRANK SEUKERAN  
(DEATH)**

**Mr. President:** Before I recognize the next speaker, I wish to announce that the acting Prime Minister apologizes to the Senate for his absence. He had to leave urgently because of the death of his father-in-law, Mr. Lionel Frank Seukeran.

Not only because he was the father-in-law of the acting Prime Minister, but out of my own respect for a man who has contributed significantly to the public life of this country, at the local, national and social level—the many sugar workers that he helped, the committees he served on, a very practical person and always flexible—I would ask the Senate and others present to stand in silence for one minute as a mark of respect to the late Lionel Frank Seukeran who probably holds the record for having the longest speech in the pages of *Hansard* in this country.

*The Senate stood in silence.*

**INCOME TAX (AMDT.) BILL**

**Sen. Prof. John Spence:** Mr. President, I shall be very brief. I just wanted to take the opportunity to say that it seems to me a pity that the hon. Minister did not use the occasion of the budget presentation and, indeed, the changes in the income tax law to send a signal to the agricultural sector that he was in support of that sector. Indeed, I would say that the only signal that was sent with regard to income tax whereby the provision for exemption from tax of certain holdings will in future be limited to 10 years—in a sense the only signal—was a negative one.

I think there could have been a positive signal by the reversal of a provision which the last Government put onto the statute book and that was to remove the facility whereby salaried professional persons investing in the agricultural sector could write off losses against their income. In many agricultural enterprises, it is some years before they become profitable. So while I have no real quarrel with the Minister's provision for stopping the provision at 10 years, because I feel that these enterprises should become profitable, I think one wants to recognize that by the nature of the sector, it will not happen immediately.

In the same way that the time limit has been put onto the tax exemption, a time limit could have been put onto the provision whereby, if you invest a part of your salary in an agricultural enterprise which is losing, you could write it off against your income.

Indeed, to me it was a most strange provision, because if you are in business, you can write-off your agricultural losses against a business operation but not against your salary, if you are a salaried person. So apart from its being unfair for salaried persons, I think it sent the wrong signal to the agricultural sector. I think, perhaps, the hon. Minister should look at things like that just to send a little signal.

I have listened very carefully to all the hon. Minister has had to say, not only in the budget debate, but since. I have listened to his pronouncement through the television, I have read everything that has been reported about what he has said to do with the economy in the newspapers. But I have regretfully come to the conclusion that he has little or no interest at all in the agricultural sector. This, to me, of course, is a great disappointment.

I realize that the hon. Minister had some interest in agriculture a few years ago, or in an allied area to the agricultural sector and, therefore, I should have expected him, of all people, to have been different in his approach to the economy.



Mr. President, this, perhaps, is not the occasion to go into that aspect in more detail, there will be other opportunities, but I should just like to say that I have got to the stage now that nothing the hon. Minister says will convince me that he has an interest in agriculture.

I must now look for action, because up to today I listened to the radio and one of his interviews and he mentioned, of course, with his usual enthusiasm, the energy sector. Clearly, this is his major interest. In passing, he mentioned manufacturing and even got around to mentioning tourism. Of course, not once did the agricultural sector pass his lips.

So I fear that we really are setting upon a policy to do with the agricultural sector which in the long run will have problems for unemployment and the stability of this country.

Mr. President, I hope for some action on the part of the hon. Minister which will correct the signal which I see being sent to the agricultural sector.

Thank you.

**Sen. Muntaz Hosein:** Mr. President, may I welcome back to the Senate our Minister of Finance. I see he has made a significant improvement to his sartorial elegance. He seems to have improved it, by the removal of the balisier tie. I wonder if this is an indication of things to come. I do carry with me some application forms and I should be very happy to pass one on to him at the end of the debate.

**Sen. Ojah-Maharaj:** Which party?

**Sen. Hosein:** Certainly not Denoon's—I know you do not like to hear that word.

I am quite disappointed at some of the measures before us, especially since the Minister failed to mention some of these measures in his budget presentation. The one that I am very concerned about is the one dealing with the kick-start of the construction industry.

You will recall, Sir, that there was much talk in the 1992 Budget with regard to kick-starting that industry by the kinds of incentives that the Government sought to give to homeowners. We on this side of the Senate indicated in no uncertain terms that those measures would not produce results. As a matter of fact, one of the measures the Minister removed himself, realizing that he had

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made a significant error. Now we have gone on to a different phase whereby we are looking at giving incentives to people who build within the period January 1, 1993 and December 31, 1994.

That incentive, on the surface, might appear to be a good one in that people will be able to enjoy tax free profits etc., and one would say, well, yes, that sounds good, perhaps that would kick-start the construction industry. But if we examine it, we would see that if you were to borrow \$251,000 or more from the bank, the lowest rate you will get on a mortgage today, at that kind of funding, is 13 per cent. The interest on that kind of outlay is likely to be of the order of \$32,000.00.

If you were to rent that house, you would get no more than \$18,000 a year, notwithstanding the problems that go with rental of properties: People are not paying on time, people leaving and not paying at all many months' rent; the disfiguration of your property and so forth. So you look at that picture and obviously you are not going to encourage anyone to build houses for the middle income people. And most of the required houses in Trinidad and Tobago are in the middle income bracket. This is where the building thrust has to be for household owners.

If you examine a little closer, you will find that within the middle income bracket, people whom we now call the new poor are having great difficulty meeting their commitments. Many of these people have already lost their homes, have had to forgo their standard of living, their standard of living has either been curtailed or reduced. No longer are you finding in the middle income bracket, people with two and three cars; it is one car now. Some of them are having difficulty even to make the payment on that one car, to send their children to school and to meet all their other expenses. So how are we going to address that issue? Certainly not by the budget of 1993. Certainly there will be no kick-start.

There will be some who will benefit. Those are the people in the upper income bracket. The people who are building the towers down at Westmoorings, where the cheapest apartment I am told is \$700,000—it makes sense to them because although the market for that type of building is very small, the profit margin is very high—those people would have built anyhow—but now we are passing on a great big benefit to them and it will not bring us the desired result.

Mr. President, may I quote the *Express* of Monday, December 14, 1992, page 13: "New mortgages drop by 50 per cent." In this article Mr. Richard Joseph, the manager of the Trinidad Co-operative Trust, is reported as follows:

"Joseph also said new mortgages disbursed by trust and mortgage companies had fallen 50 per cent between December, 1991 and October, 1992..."

Mr. President, he is saying 50 per cent has fallen in that period. This is a significant drop.

"...he was not optimistic that the 1993 budget would reverse this."

Mr. President, my argument is being supported by the experts in the business. Note, too, that because of the length of time it takes to put new businesses in place, the effects of the reduced level of activity in the mortgage business will be felt next year and will continue to be felt for some time to come.

The article goes on:

"When inflation was much higher than interest rates, there was the property boom, he said, but now that inflation rates were low and property prices were not moving, the incentives were not there to accelerate home purchases."

Nobody is going to borrow money at 12 and 13 per cent to lend at 9 per cent. This is where this Government has fallen down very badly, in that special mortgage interest for first-time home owners is 9 per cent, but the continual spiralling of the interest rates in the country has gone way above that; therefore, there will be a slowdown in that activity.

The people under \$250,000 which the Minister mentioned—and we are aware that there is something for them—are not taking it up. They cannot take it up because they have to fight to get that kind of mortgage. That 90 per cent that was being lent to homeowners in most cases does not exist because these mortgage companies cannot afford to lend up to 90 per cent any more, so they are decreasing now. It is straight and simple: The cost of finance in this country has gone through the roof.

If they want to accelerate business and the construction industry, their incentive must be far better than it is now. They must do everything within their power and, I am sure that this is not the best the Minister of Finance can do. If this is the best he could do, then he should resign. I hope he is saving the best for some time in the future, but I am afraid I do not know what kind of a future we are looking at. While the grass is growing, the horse is starving and they are going to find that starving people do irrational things. I wish to warn the Minister of Finance: We do not have time on our hands.

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The whole question of deeds of covenant is going to affect the NGOs because many people give to the NGOs through deeds of covenant. We on this side of the Senate feel that since the Government is cut cutting back on its subventions and so on, to NGOs, it should have been able to put some mechanism in place to encourage private people to give more to NGOs. Instead of 15 per cent, one would have thought that the Government would have increased that to perhaps 30 per cent to encourage people to give more to NGOs. Because the work of this NGO is laudable; they are doing tremendous work in the case of crime prevention, poverty and destitution, battered women and children and so on—the list is long, I need not take you through the whole of it.

I think Members opposite and on this side are fully aware of the work of the NGOs and I am not speaking only of the ones that are recognized by Government. There are a great number of NGOs who get nothing at all from Government but who are doing valuable work in the country. I feel that this Government seems not to have thought through properly what it is doing.

**3.10 p.m.**

On the one hand, the Government is saying that it cannot give because it does not have enough to give to the NGOs. Where will the NGOs get it from, if not from private citizens? The incentive that it put into the budget by way of deeds of covenant is only 15 per cent. So, either way the NGOs will be in a lot of trouble and it would be a shame to see that the good work that they are doing curtailed. We have too many problems on our hands and we need to reduce them, but we cannot reduce them without funds. I wonder whether the Minister could find it within himself to perhaps give some more consideration to that question so that the NGOs could all receive more to carry on the work they are doing.

The question of tax on interest. My brother, Sen. Wade Mark, dealt, in part, with that. This sends such a strong negative signal to people who want to save. How this has escaped this Minister of Finance is beyond me. I can only conclude that the position of Minister of Finance has got him so busy doing the cocktail circuit, that he has lost touch with the real people of the country. If that is so, I feel sorry for him because he will continue to make errors of this nature.

How are you going to ask people to raise the level of savings and you tax them on the very savings? What kind of cockeyed economics is this, I ask? Who is this professor of economics? Find him and hang him on the first tree, because he must be, obviously, a mad man. How can you tax people on savings and then tell them

they must save more? It is ridiculous. We all agree that we must save more. We all agree the savings must be well into 25 per cent; we all agree that we want to get out of the trouble that we are in. It seems that the only way to get us out of this trouble is to get them out of office. But, constitutionally, they have four more years to go, and four more years of pain that we have to undergo. They do not have the decency nor shame to resign, but that is what they ought to be doing.

These ridiculous kinds of measures they bring before this Senate—and sneak them in. They did not put them into the budget. The budget speaks all kinds of nice flowery language, and then they come, like a thief in the night, with these other measures and put them in. If you have a little programme and you ask a fellow, "What do you think of the budget?", he says, "Good, good, it is sounding nice.". That is exactly what he heard the Minister of Finance saying. But the wasp is still here with us. The beauty of the Queen of Sheba was seen, but the wasp is still there.

If we do not reform our economics, we are not going to get out of the problems we are in. And it is not too late. Forget about poor people saving because they do not have any money to save; forget about the middle income people saving because they too do not have any money to save unless you give them an incentive which they can use as a saving. There is a danger. When the poor people have no money to save and the middle income have very little to save, whom do you think that burden will fall on? The taxpayers, because when they get sick they cannot go to a private doctor, they have to go to the hospital, and when they go there, there are no drugs, there are not enough nurses to look after them; and if they go to St. Ann's they might drink egg nog and die.

**Sen. Kwabene:** Or get typhoid.

**Sen. Hosein:** These are the kinds of problems we have. So, you have a catch 22 situation. What do we do? These are the things that this Government must face squarely in order to get us out of the problems surrounding us.

So, I am appealing to the Minister of Finance to rethink that 15 per cent on savings. Remove it! There should be no tax on savings, not for a very long time, and let us get our savings up so that the money can be productively used.

Mr. President, I come to the vexed issue of income tax. Remember, in 1992 I spoke about what was happening at the Inland Revenue Department. It seems to be water on a duck's back—nothing has happened.

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I am reliably informed that tax clearances can be delivered to your home, notwithstanding the fact that you are owing large sums of money to the Government. I am informed that senior people in the Inland Revenue Department are still preparing books for taxpayers, the very people whom they have to audit. I am calling on the Minister to have an investigation into these matters. It is the only way that you are going to get rid of some of the problems at the Inland Revenue Department.

I am very disappointed that after 11 months, having made those charges and bringing those matters to the attention of the Minister, nothing has been done, or, at least, I have not read or heard of anything being done.

I am very pleased that the other matters which I brought to the attention of the Senate in the Maxi-Taxi Bill debate—the problems down at the Licensing Office—were tackled and are still being attended to. I congratulate the Government on having started it, albeit they started it upside down, but however they are still at it, and I do hope that we, in short measure, shall get rid of the problems down at that office.

I hope similar action will be taken with the Inland Revenue Department, but that they do not take the wrong person and put there to investigate, because that seems to be their modus.

When you owe the Government taxes and you pay those taxes late, you have to pay interest on the taxes but when the Government owe you a refund and they pay you late, they do not pay you interest. There is no equity. I think it is totally unfair to the taxpayers to be treated in that manner. Those people have no incentive to get out those tax refunds on time. The taxpayer is treated with contempt by the Inland Revenue Department. If you ever went down there, Mr. President, to get a tax clearance, you might have been afraid to talk to anybody at the counter. They all look so grim, and they would not think twice to buff you. Poor people go there. Old people go there. The courtesies meted out at that department leave much to be desired. It seems that Mr. Draper has not yet got to that department.

**3.20 p.m.**

But, Mr. President, if the Government of Trinidad and Tobago wants to be seen as being fair and just, it must put into place a fair and just system. In the United States of America when they owe you income tax refund, if they do not pay you on time they pay you interest. Why is it different for the people of

Trinidad and Tobago? I am sure the Minister will agree with me and change that system. I hope that he will give that undertaking in his reply.

In this bill one of the measures is efficient tax collection. We have no problem with that. We will support anything that is going to be efficient so that we collect the taxes owed to this country. But we have a situation, and I think the Minister of Local Government made reference to it earlier on, where people do not pay taxes but visibly show signs of wealth and improvement. Several buildings are going up and yet no taxes are being collected. I know that is one of the ways in which the drug lords all over the world operate. But the IRS in the United States have a method which, perhaps, we might want to use in here.

In the United States if you do not pay taxes, but you are driving a Mercedes and you have a house that is valued at a million dollars and another business, they put the onus on you. The IRS come to you and say, "Okay, tell us how you got this money to build this house, buy this car, and these other things." The onus is now on you. You must tell them and if you cannot, they grab you on tax evasion. If they cannot hold you as a drug dealer, because you know it is very difficult to prove—then they grab you on tax evasion and the penalties are not easy. But in Trinidad and Tobago the tax man is considered a little puppy. Smooth and easy. Nobody gets frightened when they are going to get a tax audit. It is no big deal.

**Mr. President:** You spoke, earlier on, about the treatment you get when you go to the counter at the Inland Revenue Department.

**Sen. Hosein:** It has nothing to do with courtesy to the public. I am now talking about people who have great wealth in this country but are not paying taxes. I am saying that many of these people may very well be some of the drug barons; and that our tax collection agency is doing very little to collect those taxes. I am suggesting to the Senate that the method used by the IRS in the United States may very well be the one we should use and place the onus on the person to prove how he or she got the funds and if they are able to do that, they grab you on tax evasion. Perhaps we need to tighten up the tax evasion laws.

People get away with impunity in this country. You owe income tax and you hear about somebody coming to audit you. No big problem. Do you know anybody down there? And that is the story. They are trying to find out whom they know down there to fix up for them. So that if we do not revamp that system at Inland Revenue, our tax collection will be very inefficient. We need to tighten it up and look at those people who are not paying taxes but are doing very well in the society.

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We must come down on them very hard, even if they may be connected to the party that you belong to. I am not saying that they belong to the fellows next door. I am not going to say that, but I am saying even if that is the case. If we start doing things in that manner, I think the population will get the right feeling. They will see that things are really being done to collect their taxes, and it is going to augur well for the society.

This Government must live down quite a few mistakes which it has made. It has made errors that send the signal that their is not a serious political party, or Government. I refer to the errors of paying themselves increased salaries and asking everybody else to hold tight. I warned the House when that bill was debated here, and gave the House an opening. I told the Minister that what he must do is take the politicians out of that bill and pay the other people. Hold back the politicians' money.

The Minister, Sen. Draper tried to explain on television, but skirted the issue nicely and left out this portion, making it look as though the people are against paying all these public servants. I heard him on television misleading the nation. The opening was there. I warned the House that if you go through with this bill and pay yourself more salaries, you are going to have every union on your back looking for more. Everybody wants their little cacada now and you are the cause of it. You are going to put us into an abyss from which we shall have difficulty in getting out in 1993, because of your foolishness!

**Mr. President:** Sen. Hosein, if you address the Chair, you would be a little less direct to the Senators.

**Sen. Hosein:** I did not mean to be so direct, Sir.

The poor people of this country are unable to save. There are no incentives for the middle income people to build their homes. I wish that the Prime Minister and yourself would come with me and let us move around and talk to the real people of this nation to see where their problems are—what is happening in this nation. There is a depression going through this country, everywhere you go. You talk to the businessmen they say, "Boy sales down, 80 per cent, 60 per cent." Under these kinds of conditions nobody in his right mind is going to invest money. Rather than invest, they are looking for ways of cutting back and when they cut back they put more people on the breadline, which is a problem for this country.



**3.30 p.m.**

I spoke to a doctor yesterday, Mr. President, and he told me that he is seeing three times more patients with depression-related illnesses than he saw a year or two ago. It is all based on what is happening in the country—the economy. It is not easy for people to watch their children go to school drinking *sharbat*. Do you know what that is? It is sugar water. So I can understand what he is telling me when he said that it has gone up 300 per cent—more people coming with depression-related diseases.

These people here do not understand that and the measures which they take will increase these problems. I hope that you and the Prime Minister will accompany me. I should like to take you and show you, and we shall talk to people at random. Come down from your ivory tower into the real world and see what is happening. It will inform you of the methods which are required.

**Sen. Rev. Daniel Teelucksingh:** Mr. President, I shall be brief. I really wish to identify with any call on the Government to eliminate or reduce tax on personal savings. May I respectfully ask the hon. Minister to address this question in his response. It is a question that this population has been asking for the longest while. I have heard people say that they prefer to spend their money rather than to leave it in fixed deposits. People have always been worried about that withholding tax of 15 per cent on interest earned through savings.

May I respectfully ask the hon. Minister, in his response, to address this question: As a further stimulus to saving, has Government seriously considered the removal or the reduction of that 15 per cent on interest through savings? If so, when can we expect a change? I thank you.

**Sen. Martin Daly:** Mr. President, the Minister of Finance has told us that this bill before us is the first in a series of measures to tighten up on the collection of taxes. As I understand it, his plan is to tighten up on the collection of all types of taxes, because he has promised us legislation to follow dealing with VAT and customs duties. While I entirely support his objectives and I support this bill, I also support the call by Sen. Muntaz Hosein in relation to the activities of the tax authorities and their use of the taxation laws to attack the profits of the drug dealers and the corrupt in the society.

I worried long and hard whether I should tackle this issue. The last time I attacked a vested interest in the Senate, I lost a client who did not agree with what

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I was saying—a very powerful client. This vested interest is the most powerful interest in the country.

But I feel very strongly that, apart from the terrorization of the ordinary taxpayer by some of the more discourteous and crass things that the Inland Revenue Department does, the business of illicit drug dealing is as much the business of the Minister of Finance and the Board of Inland Revenue as it is the business of other ministries. Sen. Hosein is quite right, that it is very easy for the Inland Revenue Department to get at these profits.

It is well known that the Inland Revenue uses one method of auditing called "source and application". That is to say, the sources of your declared income do not support the application to the lifestyle you have. If the Minister is serious about tightening up on tax collection, perhaps he would like to dig into the deep reservoir of illicit profits in this country. I really am genuinely afraid to speak about this, but it is something I feel very strongly about. Because this is the Government who is reported to have said it knows who the drug dealers are.

So while we are reforming the public service and while Scotland Yard, presumably, will report in due course, I want to challenge the Government if it is serious about the collection of taxes, to set the Inland Revenue Department upon those whom they suspect of drug dealing and other nefarious crimes in the society. I want to support Sen. Hosein on that. I am very serious. I hope it will not be my last speech in the Senate. I am very serious about it. I have said this privately to every government that would listen for as long as I can remember. In case anyone thinks that this is a fanciful objective, may I mention the name, Al Capone. The only thing that Al Capone was ever convicted of was tax evasion. That is how the authorities were able to deal with him.

I support what Sen. Muntaz Hosein has said. I suggest that the Inland Revenue Department already has the powers that are needed to go in this direction. I assure the Minister of Finance—I think he knows that—if he goes into that reservoir of funds, he really would be embarrassed by the surplus created in his budget.

The Inland Revenue is experienced in this, because it uses "source and application" all the time. So while I support this measure—and I will support anything that tightens up the collection of taxes—it has to be seen in the context of the wider problem of tax evasion. Of course, this is the Minister whose advisers have told him not to tell me whether a certain foreign corporation owed VAT, but I will not ever fall into the trap of using parliamentary privilege to say anything if I

do not have the information. But it would be interesting one day when his advisers read the appropriate section in the Constitution to find out these things.

I think it is very important if we are getting serious about the collection of taxes, to get serious about the proper and effective use of the powers of the Inland Revenue to collect taxes. It is a very simple matter, because, as Sen. Hosein has pointed out, once the Inland Revenue makes the assessment, you then, really, have got to go to the Tax Appeal Board and show that assessment is wrong.

Therefore, we really could be doing some useful work for the country in attacking some of the Al Capones in this society, and at the same time much of the Minister of Finance's problems will be solved. Now he has had a conversion to the importance of industrial relations. Apparently someone in Washington converted him, because while he was in Washington I was submitting to this honourable House that one of the flaws in this budget was that it had not properly taken into account the industrial relations situation. But when he draws on this vast reservoir of illicit profits through the proper use of the Inland Revenue procedures, he really will not have as big an industrial relations problem as he has now begun to understand that he has.

I am speaking somewhat tongue in cheek about a very serious matter, but I do urge the Minister to consider very seriously whether he does not have a vast untapped reservoir of funds available to him which he can collect quite easily and use to defray some of his other expenses, including his industrial relations expenses, of which he has become aware.

Indeed, since the Government is sometimes so amenable to conversion, I would also remind him that one of the difficulties we face is not only the industrial relations difficulty, but also the difficulty of crime, about which I have spoken so often. I shall not go into details of my latest encounter with the criminals who roam Port-of-Spain in the absence of police patrols, but I would tell the Minister that if he is concerned about the image of the coup abroad, and cut telephone lines, and has now become concerned about industrial relations, he had better become concerned about the effect that rape and pillage have on foreign investment.

### **3.40 p.m.**

So, I hope I have been presented with a golden opportunity to urge that some action be taken on one of my pet subjects. We really have no problem with criminals once we have an efficient Board of Inland Revenue. It is a very, very

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simple thing. It is called “source and application.” I know the Minister knows about it, and he can give the first dozen or two dozen names to the Board of Inland Revenue, because he says he has them. Why is he not going there to get funds with which to create a surplus in his budget? I strongly commend this course of action to him.

And since he, as I have indicated, is amenable to conversion, I should like to convert him now from the importance of good industrial relations to the relationship of crime to his ministry. I know his colleague is pleasing most of the population by making sure that the appropriate warrants, I believe they are called, are read periodically. That is very pleasing to the population. Now, I want this Minister to please the population by understanding what the relationship of crime to his ministry—and if he becomes an efficient crime-buster what this will do to his budgetary proposals.

Mr. President, I support this bill, but urge the Minister to get his minions serious about the business of the collection of taxes on illicit profits. Sen. Muntaz Hosein is quite right, large buildings are only one *indicia* of considerable wealth of unreported income. Those of us who belong to the Parliament, including my friend the Leader of the Opposition in the Senate, Sen. Wade Mark, can say how we got our cars. I am not sure that other persons can say how they got theirs. I certainly know that many of these motor car dealers can point out persons in their showroom who are paying for these motor vehicles, not by the kind concession of the Government, but in cash. I have seen one motor vehicle that was paid for in cash, costing more than \$300,000. It would be very interesting to know where someone, in this economy, got the cash to purchase such a motor vehicle.

Mr. President, I do urge the Minister, as part of his tightening up on the collection of taxes drive, to take these measures I have suggested.

**Sen. Michael Mansoor:** Mr. President, I too should like to support this bill, and, perhaps, congratulate the Minister on bringing it at this particular time. However, as with all of these matters, there are always a few points which one would need to get clarification on; there are always a few points which, on further reflection, may require explanation. And if the explanations are not forthcoming at this stage, they are likely to end up in the Tax Appeal Court or cause confusion to both the taxpayer and perhaps, those entrusted with the duty of collecting taxes.

While I support the bill, should like to make a few comments and, perhaps, request some further explanations from the Minister. I wish to move directly to the amendment to section 34 of the Income Tax Act which has to do with the reduction in the level of taxation on interest income from bonds and what are called "similar investment instrument". The measure, basically, is a good one, in the sense that it reduces the amount of tax that an individual would have to pay on instruments other than savings accounts, or fixed deposit accounts, that are maintained at financial institutions or banks. That is good, but the language of the amendment is that this 15 per cent will also apply to loans secured by bonds or other similar investment instruments. I wish to ask the question as to whether or not a bond or a loan instrument issued by a private corporation, is being considered as such a financial instrument.

In other words, is the interest on a bond issued by one of our large public companies going to be subjected to interest of 15 per cent? What would happen is that all kinds of people would get bonds or instruments on which this privileged rate of interest will be charged. I think it is important that there be some explanation as to exactly what is meant. Is it bonds issued by the Government? Is it bonds issued by everybody? What is an investment instrument? I can see that that will cause confusion.

There is another concern, and this relaxation of the taxation is in respect of individuals only, not corporations. One need not have too much imagination to understand that in instances where these instruments or bonds are owned by companies that are making losses, it would be better to have the bond owned by such an entity as opposed to having it owned by an individual. So, one can expect to see the transfer of bonds from individuals to loss making entities. I think this is something that will be cleared up if the tax saving is extended to include, not only resident individuals, but corporations also.

There is another part of this legislation which imposes a duty to withhold the 15 per cent tax on the person issuing the bond or saving instrument. That is a duty, if not performed, will lead to penalties of interest and paying over the tax. Because of the requirement for people who now pay interest to lenders or depositors of funds, outside the normal type of bond arrangement, to remit the interest and withhold the tax on the interest, I think it is absolutely important that the Minister and the Board of Inland Revenue make it absolutely clear as to what instruments are envisaged. I can foresee instances where the Inland Revenue would want to go to private corporations, perhaps, and ask the question: "Well,

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why did you not withhold tax on the payment of interest in respect of this bond or loan?" The company would be held responsible for that tax. I think the explanations to this legislation need to be amplified and made very clear.

The amendment to the Income Tax Act with respect to construction and exemption of income on properties constructed in 1993 and 1994 is a good measure in theory. The question one has to ask, however, is whether or not the bureaucracy would allow the necessary approvals to be given in time to have viable construction projects actually completed by December 31, 1994. As is very obvious, two years is a very short time in terms of the construction of properties, buildings and facilities.

I foreshadow that if persons wishing to undertake this type of construction approach the bureaucracies involved and find themselves without the necessary approvals after six or seven months, it would be very difficult to complete the construction to get the tax benefits that are envisaged in this amendment to the bill.

**3. 50 p.m.**

Mr. President, one cannot help but comment on the fact that what the Government gives with one hand, it takes away with the other, because while on the one hand it is encouraging construction, encouraging people to put up new buildings, on the other hand it has increased the stamp duty on the transfer of properties, quite significantly, to 7 per cent in the case of commercial properties, which I think is a rate higher than you would find in most jurisdictions. At the same time, the mortgage interest deduction has been reduced.

One has to ask the question: What are we doing here? Are we at the end of the day providing the encouragement that is really needed to get employment in the construction sector going? People obviously will be that much less encouraged to own the properties in which they live, because of the reduction in the mortgage interest deduction. It therefore seems that there is not a coherent policy. There is always a degree of complexity and almost compromise in the legislation that is brought here. One hopes that construction will take place on time. One cannot help but remark that the expected increases will not materialize.

One of the areas with which I have much difficulty is the attempt by the Government under section 79 of the Income Tax legislation to get to a situation where it can collect more of its tax on time, within the year of income. The new

provision, as the Minister explained, will work as follows: You have to compute and pay your tax on the basis of what you paid last year, plus 80 per cent of the increase in the current year. If you pay less than that, you will pay interest on it. This is a nice kind of solution for a lawyer but for an accountant it is a nightmare. There are very few businesses which can forecast accurately in the last two months of the year exactly what their profits will be within the parameters envisaged in this amendment. One has to ask the question: Are we just tinkering with the legislation? We seem to be pursuing areas of tax administration that will not really yield all that much revenue.

To ask a corporate taxpayer, in a business that may have a very seasonal trend, to forecast the profitability of that entity so accurately, is an imposition. It is more of an imposition because of the fact that this particular change is to be effective not in 1993, but in 1992. At this very moment businesses with another 15 days to go for the end of 1992, have to do a calculation in order to avoid the interest payment. I think it is an unfair imposition that the Government should consider treating this particular amendment, as it has treated all the other amendments, to become effective January 1, 1993.

With respect to the amendments to section 134, of the Income Tax Act, I think the Government should be congratulated on plugging this loophole through which many a chariot was allowed to pass. As the Minister said, this particular matter has been a source of concern to many people and I think the Government has been wise to make it quite clear exactly what the requirements of the law are. There is very little one can quarrel with, as it were, in this legislation. One can obviously ask, why should we limit the amount of deduction for charities to 15 per cent of income? Obviously, you will get the answer that Government has to balance its books. The Minister indeed started off his presentation on the theme of a balanced budget. I should not like to enter the theoretical niceties of what we mean by a balanced budget and net lending but it is a debate in which I should like to engage anyone at any time of day or night. As you know, notwithstanding the fact that we have balanced the budget, if I read these books correctly, we plan to borrow substantial sums of money in 1993.

If one looks at the history of tax administration in this country over the last six or seven years, one will find that what we have done as a Parliament and as a Government is to tinker with the legislation in all sorts of ways. It was about four or five years ago we were told we would have tax reform. On that occasion several of the allowances and deductions that the taxpayers were allowed were

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removed and as a compensation for that, the taxpayer was told that the rate of taxation at the marginal levels would be reduced. We were also told in another spate of tax reform that we should have VAT legislation. We were told again, that as a compromise in exchange for paying VAT at the very high level of 15 per cent on just about everything, the levels of marginal income tax would be reduced. Of course, that has just not happened.

Over the years we have tinkered with all sorts of things. We have, on some occasions, allowed interest to be tax free in the hands of senior citizens. Today we are making interest on bonds and savings instruments tax free or subject to 15 per cent, as opposed to the marginal rate of individual income tax—we tinker. Sen. Spence raised the point that we have extended to 10 years the tax freeness to people who have agricultural holdings. During the last few years we have made it impossible for a taxpayer to deduct agricultural losses from professional income. What we have done is that we spent a lot of parliamentary time and effort tinkering with the legislation, changing this, removing bonds, bringing it back; bringing back house repair allowances, removing it; changing the levels of taxation in a variety of matters.

It seems to me that we have been so occupied with these small points that we have really missed the boat in terms of the real problem facing tax administration in this country, which is getting everybody into the tax net. I was very delighted to hear Sen. Daly make the call for getting all people into the tax net. I should like to let him know that that call has been made by people in these benches year after year, for many a year. It seems to me that we should perhaps stop interfering with the small points in the legislation and really face the big problem of how we go about the real problem of bringing into the tax net all our citizens.

What really happens is that revenue officers seek to persecute those who are already paying taxes with all of these changes that are made from year to year, while those who do not pay are allowed to go free. The real problem we have is not to make these marginal amendments—because that is what they are—but how we get people into the tax net. We were told when the VAT legislation was introduced that VAT would do it. Now we are being told something else.

While I support the bill, while I ask for explanations, I have to make the suggestion that perhaps our focus has been wrong. We have been too concerned with changing this and that part of the legislation and we take too much of our good administrative and legal time making and accommodating these changes



from year to year. We tie up our best people in legalese, and allow the big problem of getting people into the tax net to go unsolved.

I thank you.

**4.00 p.m.**

**Sen. Dave Cowie:** Mr. President, let me commence my contribution by describing the disjointed provisions of this bill as a Mottley polyglot of superficial measures. They are unrelated, substantially uninspired and rather incoherent if one is to take a long view of the exercise.

To some extent, we see some attempt to upscale measures conceived by a “let-them-eat-cake” government.

My colleague Sen. Hosein has amply dealt with the preoccupation with the stealth and subterfuge that have characterized the utter absence of any reference whatsoever to charge to tax on interest accruing on bonds, in any place other than in this bill. I can merely emphasize the fact that savings incentive is not provided for by imposing a charge to tax on interest accrued from savings, but suffice it to say, that interest accrues to those of us who are among the fortunate enough to have savings.

I am certain that my friends on the other side will recall—the last time around, if I may describe it as that—the collapse of International Trust, SWAIT, SUMMIT, CFC, SFC and Trade Confirmers. The Deposit Insurance Corporation is there only to furnish a partial indemnity to loss sustained. The problem really lies in the quality of control and supervision. It is certainly not going to be possible to dissect fiscal measures from monetary policy and from matters which relate to the control, surveillance and monitoring of financial intermediaries.

This Government would recall the collapse of Caribbean United Insurance, Winsure and Crown General under its previous stewardship. It can rest assured that these companies will soon be followed by several others, collapsing like dominoes within the industry, which unfortunately have been operated by several of the ruling party's fellow travellers, if I may so describe them, and which have been collecting vast amounts of insurance premiums and resisting legitimate claims for recovery under the barest of pretences for the longest while. Woe betide this Government, when the pension funds go the way that those financial intermediaries have gone before them, because there will be absolutely no apology for that situation, and all hell to pay.

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Why does one worry with the exercise of providing for fiscal measures at all, when this Government has manifested the kind of ingenuity by according private allocation of largesse, most recently to the LPG operators? That seems now to be the way to go, of course, but it is a course predicated on there being an appropriate linkage with the ruling party's media watch committees. Perhaps, that is the way to go.

While on one hand, this incentive to savings is being defended for that matter, selective credit controls among the country's retail and consumer credit institutions have become virtually of nuisance value, and truth in lending may still have to be legislated into existence. Why does the incumbent Government not think in terms of encouraging development financing and merchant banking, in the truest sense, as an engine of growth? Why are not fiscal measures proposed that will encourage the conversion of debt into equity, and the acquisition of this equity, perhaps, by institutional investors on a commercial scale?

Why not encourage the extension of the residential mortgage discounting facility that the Home Mortgage Bank has so impressively done since its inception, and extend that to commercial mortgage and commercial debt discounting activity? Why not find a way to make mergers, take-overs, receiverships, amalgamations fullscale undertakings for gain? Why not find a way to make those circumstances viable subjects for further fiscal enterprise?

Unfortunately, the reason in my respectful view is that while this Government remains straddled by, what I might describe as, minor league monoliths, like BWIA, and failed abortions, like Trintoc, continue to hang by their umbilical cords awaiting further surgery, the Government finds itself in the unfortunate position of being its worst advertisement for rationalization. Once it is that it continues to be motivated by considerations of an untoward nature, it is doomed to continue the exercise of touching and retouching, on an annual basis, the substantive provisions of the income tax legislation.

**4.10 p.m.**

The very same Government that wants to bring the co-operative movement into the fold of the Ministry of Finance is afflicted by the reality that as things currently stand, its surveillance functions can hardly be properly discharged. I do not doubt, given its historic record for vindictiveness, that with one final stroke the Government will next propose to remove the fiscal attractions of the credit unions and the co-operative societies if they resist the Minister's initiatives to impound them in that fold.

Against that background it is hardly surprising that not only will progressive tax legislation become unattainable, as things are going, but that related areas that touch and concern securities and companys laws will continue to stagnate, as they have stagnated for the past three decades from the Pennington Report of 1969 to the Barnes Hobday Draft of 1979, and most recently to the ICATT Initiative of 1989.

It seems as if there is one common factor in that recurrence, namely, that the phenomenon recurs every 10 years. What is most unfortunate about the provisions of this bill—other than those that are calculated to enhance quite commendably the enforcement and collection measures—the most embarrassing aspect of this kind of piecemeal legislation is that the provisions will become more vacuous because of the fact that they are recurring on an annual basis, as opposed to every 10 years.

Unless it is that there is a review of the mindset of the incumbents on the other side, we shall continue to be afflicted by the tinkering—to borrow the term from my colleague Sen. Mansoor—with the works, and ultimately we may be faced with another series of recurrences of the kind of motley measures that are reflected in this bill. I thank you, Mr. President.

**Sen. Carol Mahadeo:** I shall not be more than five minutes, Mr. President. I was prompted when I first saw our hon. Minister of Finance sitting close to the Commissioner of Inland Revenue in the wings, but the hon. Minister of Finance has flown out.

All of the points have already been touched upon by the other Members of this Senate. I just want to get some amplification and to ask that some provision be made on the question of covenants. I see that the usual thing is here—that it must be done before December 31 of every year—and that where before it was for a three-year or five-year term, it is now put on a yearly basis.

I have talked to several people and I have the experience to know that the non-governmental organizations do get quite a bit of money from individuals who do not comply with—not that they are trying to avoid—the covenants but send out cheques amounting to between \$500, \$800 or even \$1,000 a year to five or six or seven different organizations. They get no tax relief because there is no provision made under the laws of the Board of Inland Revenue for them to claim exemption, or to get the tax relief.

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Several different organizations get that type of money from maybe one individual and yet that individual cannot claim tax exemption. Although you get receipts from all these religious bodies and charitable organizations, they are not accepted as being valid or equivalent to a covenant because you have not conformed to the basic requirement in the law of making a covenant to claim it. What I am saying is that the amount per organization does not benefit the person having to make a covenant. You will have to make several different covenants to give \$1,000, to each of these organizations, and your stamp duty will be commensurate with each of these covenants, so that you will be defeating yourself in the long run.

I am wondering whether the hon. Minister will see it fit to have some provision made so that individuals paying out this money to these different bodies every year which are not included under a covenant, could not also get some sort of relief by way of tax exemption at the end of the year. In effect, that person is giving out maybe \$7,000, \$8,000 or \$9,000 per year to different organizations, each one not more than \$1,000, so that the individual suffers. I do know that there are several people who have been doing this over the years and have not been able to get some tax relief.

I am happy that our Commissioner of Inland Revenue is here. He might be able to speak with the Minister on this issue. Our Minister is here? He is actually with the Commissioner? Thank you. He is listening to me, I hope, and some provision will be made.

With these few comments I say that I do support the bill and I do wish the hon. Minister well in his deliberations after this.

**4.20 p.m.:** *Sitting suspended.*

**4:50 p.m.:** *Sitting resumed.*

**The Minister of Finance (Hon. Wendell Mottley):** Mr. President, I am pleased about the support given by some Members of this Senate to the bill. Others have difficulty with some of the measures. But as they outlined their concerns, it became obvious to me that some of their concerns were really misdirected.

In the first instance, the concern that this tax incentive, seeking to induce employment by stimulating the construction industry, is a measure in support of big business and the wealthy in our society. Mr. President, it is a measure aimed at

inducing those with capital so to employ it that benefits would accrue to unemployed members of the society. It recognizes the fact that there are those who have capital and whether this measure was introduced or not it would not change the status as to whether those individuals enjoyed the capital or not—which seemed to be the complaint of some Senators on the other side. That the measure could have the potential to stimulate employment is undoubted.

At this stage, I can report that there have been a number of applications to the Town and Country Planning Division, which are indicative of renewed vigour in anticipation of such start-ups next year. I remain very optimistic that we shall see a heavy stimulus in construction in 1993 as a result of this measure.

I also made the point in the course of Sen. Mark's contribution that it is a measure not discriminating against those who would construct at values under \$250,000, since there are specifically on the books provisions to benefit those who would wish to construct at levels under \$250,000.00.

Mr. President, I wanted to take up a point, since Sen. Spence deliberately, I think, goaded me into some comment on the absence of agricultural measures from the bill before us. Let me say, Sir, and confess, in all honesty—confession is good for the soul—that the Government is preoccupied with the major and Herculean task of stimulating growth urgently in the economy out of which will come employment.

We must have our priorities straight. In focussing on the energy sector, it is not as though there is any predilection to energy, but rather a recognition of its size and its potential to carry the heavy burden that it is required to do at this time.

Indeed, Sir, there are dangers from which the society, having gone through the experience of the 1970s, should learn: That any prolonged over-emphasis on the energy sector burns off development in other areas. We are well aware of it and are attempting—even as we put the start-up burden on the energy sector—to try at this time to get other sectors going. Privately, it is my belief that Trinidad and Tobago's economy will be in recovery, especially in the period after 1994.

We would be most unlucky, indeed, if all of the activity in the oil sector did not produce new oilfields such as we have not had since the original Amoco finds off the east coast in the 1960s. Therefore, we have to be careful that we do not repeat the mistakes of the late 1970s and early 1980s.

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That is why, for instance, we are so concerned, as we go about promoting investments and find that there is ready reaction in the energy sector, that while we promote investments, shall we say, in information processing we hear more serious complaints about the investment climate and the industrial relations climate. It is those investments which are more susceptible because they are labour intensive to shut-down and to prejudicing the whole operations of the investor by industrial action. Therefore, whereas the energy sector can buy its way out of trouble, other sectors of the economy that we are interested in promoting, to avoid the very mistakes that we made earlier in our history, are the ones that could be seriously damaged by that kind of action.

I say this, therefore, Mr. President, in answer to Sen. Spence, to explain why we are targeting energy, but at the same time having a look at other sectors. There must be a priority in our approach.

Let me tell Sen. Spence that quite apart from tourism and manufacturing, which in terms of the work that has been done perhaps are little more advanced than the agricultural sector, the Minister of Agriculture has only recently come to Cabinet with the details of an interrelated plan. That plan would deal with several aspects of an agricultural thrust that goes all the way through credit specific macro-economic policies that affect agriculture. And then would get into sub-sectoral policies such as what do you do about citrus, what do you do about dairy, beef, et cetera and what kinds of supports are required by the Ministry of Finance or other agencies to support the programme that he has put there.

So even though the Senator said he would not take us on trust any more, I can, in fact, tell them that it was before FGP this week. So that we can expect to see something flowing from that. Sugar was in advance of that. Sugar was on a specific time table and I think they know the results there. But agriculture cannot be in the position which energy is, because agriculture is only two and one-half per cent of our GDP. Although it has long-term potential, it does not have a pure driving capacity to turn this economy around in the short-term in which we require it to be done for reasons that are obvious.

In response to certain other specific matters raised—problems in the Inland Revenue Division. Yes, we are aware of those problems. We are taking steps, especially through the implementation of the Revenue Protection Agency that will deal with the types of complaints I have heard coming from Senators on the other side. That is the kind of self-policing and ensuring that the corruption which is

implied is weeded out and, most important, that systems are put in place that would make it, not impossible, but more difficult for that kind of activity to thrive.

The question was raised about the bonds, whether the provision applies to bonds issued by Government, companies or persons. The payment of interest is liable to be deducted and it is a fact, that at present the Board of Inland Revenue has to audit returns in order to determine whether an individual has returned the interest.

Under this provision the Board of Inland Revenue will only look to the issue of the bonds. Statements of practice or procedure will be issued by the board to resolve any difficulty which arises. We believe that it would lead to a simplification of matters, rather than a complication.

The matter was raised, as well, about quarterly payments and the difficulty of estimating them—the last quarter, especially. Our problem, is that the provision was to correct the existing law which had the effect of reducing the tax payable, especially of the last quarter. The mistake that we are trying to prevent is that under-estimation, especially in the last quarter, which specifically with oil companies could amount to millions and millions of dollars that are postponed into payment before April 30 of the next year. That can have very serious effects on the Government's cash-flow and also on foreign exchange availability. This is why we are taking the trouble of putting in the specific measure to come into effect that would remove that possibility.

I noted with interest the suggestions from Sen. Daly as to how Trinidad and Tobago should tap on profound revenue resources that might be available. It is a matter which we have noted and I understand the valour with which he has put forward these suggestions. We shall seek his legal advice and make it well known that we are doing so.

I believe that Trinidad and Tobago is going through a period of quite phenomenal changes. We are, in fact, forging a new economy, responding to conditions in the international world, trends that have been set that we, whether we like it or not, have had to follow. The worst situation that this country could get into is to pretend that we are islands unto ourselves and attempt to shut ourselves out from those developments. I can assure you, Sir, and hon. Senators that sooner or later that strategy would have been exposed as the bankrupt strategy that it is and that we would have been broken after having carried a bankrupt strategy to the end.

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At that time of being broken, the country would have lost all of the major opportunities that are being opened up, and would have had to endure all the pains that go with the new economic processes. Now, yes, there is pain, but there is also the possibility of gain.

I believe in seizing these opportunities and in these small measures, getting the country abreast of international developments and as well getting it to recognize that there is no sense crying over spilt milk; that we have to swim in a tide that is larger than ourselves, but that we still have room for manoeuvre if we take charge, become optimistic and competitive and within the spheres that are available to us, take strong action to guide our own destiny. Mr. President, this measure is all part of that process of carrying Trinidad and Tobago into a new economy that we are about.

Therefore, I beg to move.

**Sen. Rev. Daniel Teelucksingh:** Mr. President, if you would be kind enough, I had asked a definite question in which I had an interest, if Government has seriously considered in any way the removal or reduction of that 15 per cent on interest.

**Mr. Mottley:** I beg your pardon, Mr. President. It was my intention to reply specifically to that. The answer is, yes.

During several committee meetings and in preparation of the 1993 Budget we considered the removal of that interest payment on the interest in banks. It amounts to \$50 million. But we were not able to do so in 1993 because of all the calls on the revenue. We were, just frankly, Mr. President, not able to do so in 1993.

*Question put and agreed to.*

*Bill accordingly read a second time.*

**Mr. Mottley:** Mr. President, in accordance with Standing Order No. 63, I beg to move that this bill not be committed to a committee of the whole Senate.

*Question put and agreed to.*

*Bill read the third time and passed.*

#### CHRISTMAS GREETINGS

**The Minister of National Security (Sen. The Hon. Russell Huggins):** Mr. President, before I move the motion for the adjournment of the Senate, may I take



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this opportunity, on behalf my colleagues, those of whom are present and those who, for one reason or another are not with us, to extend to you, Mr. President, the Senators of the Independent Benches and those of the Opposition Benches a most enjoyable Christmas season.

Mr. President, I want to assure, particularly those on the Opposition benches that I look forward to seeing them here in January. I hope I will see all of them, although they change so frequently.

**Sen. Wade Mark:** Mr. President, we on this side extend Season's Greetings to our presiding officer, the President of the Senate, his wife and his family and to wish him and his family continued health, peace and happiness in the coming year.

We also take this opportunity, Sir, to express our warmest greetings on the occasion of Christmas—which is a mere few days away—to our Independent colleagues at the back who have performed relatively well during the last 12 months. Let me on behalf of my colleagues, wish each and every Independent Senator and his or her family a joyous Christmas and a bright and healthy New Year.

As it concerns our colleagues opposite, many of whom appear to have been disappointed in or even offended at my contributions during the last 12 months, I make no apology. Let me take this opportunity to wish them all a happy and joyous Christmas and hope that during this period of goodwill and peace they will pause to reflect and ponder on possibly fresh initiatives that will allow greater involvement and participation of our people. We hope that the good Lord will shower his absolute blessings on those people because they need it most. Mr. President, we would also hope that in their period of reflection they will revise and in some instances even reverse some of their negative economic and social policies.

May each and every Senator of the Government benches and their families have a reflective and productive 1993.

Mr. President, we think working together as a group, including ourselves, we can agree on objectives and work towards achieving goals. Let me take this opportunity also, to wish a merry Christmas and a prosperous New Year to all our messengers, the orderlies, members of the security services, the *Hansard* reporters, members of the various news media, including the Government Information Unit, as well as the Clerk of the Senate, his assistant, and our acting

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Sergeant-at-Arms. May all of them and their families have a very merry Christmas and a very prosperous 1993.

Thank you very much, Mr. President.

**Sen. Michael Mansoor:** Mr. President, mercifully, I shall not be as long. On behalf of my Independent colleagues and myself, Sir, I extend to you and your family best wishes for Christmas and for 1993.

I extend similar greetings to Members of the Government and although I shall not be baited into making a comment on the relative contributions of the Opposition, I extend to them, best wishes for Christmas and 1993.

In addition, Sir, members of the parliamentary staff, who help us to do our jobs, always with a smile on their faces, we thank them for the fine work that they have done during the last year and wish them all the best for Christmas and 1993.

I thank you.

**Mr. President:** Hon. Senators, first of all, let me thank the Senators who have spoken on behalf of all the parties and groups in the Senate for their very kind wishes extended to me and my family for Christmas and the New Year.

I want to take this opportunity to wish each and every one of you, your spouses and your families, a very enjoyable and peaceful Christmas and many good, productive efforts in the New Year.

I should also like to thank Members for their kind co-operation during the entire year. I think we have gotten along well as one happy family. All families will have their differences at times, but when you can reconcile these differences and go on to better things, it makes you stronger and more productive in the end.

Allow me also to extend Christmas greetings and all good wishes for the New Year to the many people who support the Parliament in one way or another. First of all, we have the uniformed police who have been here with us throughout the year at all the sittings and the members of the security services who are not so easily identified—you are not a good security man if they can identify you.

I also wish to thank the media—the press, the electronic media—for the support given to the debates, the proceedings throughout the year. I would make an appeal to representatives of the media to be with us for a little longer time during the coming year. I know I speak for Senators of all sides who are happy to see the media here, and not for just half the day. After the suspension from 4:30 to

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5:00, there are many good things happening in the Senate as well. An effort was made by the electronic media during the budget debate to continue; we welcome that, and I hope that it will be a pattern to follow in the future.

Last but by no means least, I extend best wishes for Christmas and the New Year to the Clerk of the Senate, his assistant and the entire staff of Parliament.

I do not know how many of you realize the number of members in the Parliament staff, but there is a very efficient library for example, manned by one librarian and one research assistant. There is the accounting unit which is responsible for paying all salaries and allowances to Members of both Houses all the time; the *Hansard* section which you all know so well, and manipulative staff who see to it that Senators get their papers as quickly as possible. I should also like to thank the caterers who have helped us throughout the year.

It has been a very pleasant task for me to work during this year with so many co-operative people and I look forward to similar co-operation next year, if I am still around. You never know. Security of tenure of a Senator is not as good as that of some other people.

#### ADJOURNMENT

*Motion made*, That this Senate do now adjourn to a date to be fixed by the President. [*Hon. R. Huggins*]

#### **Prescott Report (Debate on)**

**Mr. President:** Before putting the question, I must inform you that Sen. Diana Mahabir-Wyatt has obtained leave to raise a matter on the motion for the adjournment which has to deal with the Prescott Report on the death penalty and whether it will be debated in the Senate.

I now leave it to Sen. Diana Mahabir-Wyatt who will have 15, minutes and the Minister will have 15 minutes to reply.

**5.20 p.m.**

**Sen. Diana Mahabir-Wyatt:** Mr. President, during 1988, the Senate, following debate on a motion by Independent Senator, Dr. Ramesh Deosaran, agreed that the Government appoint a commission of enquiry into the death penalty. It was not just on the death penalty; it covered a number of areas. First of

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all, whether the death penalty should be retained for offences under the criminal law in Trinidad and Tobago. Secondly, if so, for what offences. Thirdly, if not, to what extent, and by what means should the punishment now provided for capital offences be modified or limited and fourthly the changes, if any, in the existing law or the prison system which would be required.

The commission was duly appointed under Mr. Elton Prescott's chairmanship and it obtained views of the public. Eventually, a report was drawn up which was submitted to the President His Excellency Noor Hassanali in 1990. That report was laid before Parliament in November of 1991, but it was never made a subject of debate in this Senate.

My motion today is a very simple one. It arises out of my respect for the Senate, my concern for the position of Independent Senators and also out of an ethical regard for what I regard as responsibilities of citizenship.

The Commission of Enquiry and the report which arose out of it came into existence because of a motion which was accepted in this Senate. It was passed on a vote of 22 to 3 and I note that amongst those who voted in favour were all the Members of the then Opposition, including Mr. Kenneth Valley, Dr. Keith Rowley and Mr. Winston Moore, who, in his contribution, made a point that the responsibility for adopting the provisions of that report should lie with Parliament. Some of these people who voted for that report are now leading members of the current Government.

It is my understanding that, at the time, it was the intention of the Senate to have the report subject to debate in the Senate. Why this did not happen, I have no idea. I was just not able to find out why, in fact, it did not go through, but I think that out of respect for the Senate it should be made a subject of debate. I say so out of respect for the Senate itself because since the Senate generated this thing, so to speak, it seems as though there is a kind of loose end hanging, as though the Senate does not take itself seriously enough that it fails to insist on debating what in the end is the outcome of a process which the Senate itself began.

I should not like to think that anybody thought that this Senate did not take its work seriously and I do not think that any of us would believe for a moment that the subject, which was the basis of that report, is not something which is very serious. From that point of view, I think that it is vital that the report be debated by this Senate which commissioned it, so to speak.

Secondly, I fear that out of respect for the function of the Independent Senators I must respectfully request of my colleagues in this Senate, particularly those on the Government Benches, and those in the Opposition Benches, as well, to consider this motion that I am putting favourably.

I can understand why, for various political reasons, it might not be strategically advisable for Members of the Government or Members of the Opposition to move such a motion; it is a very sensitive issue. Being Independent Senators, we do not have the luxury of having a party position to follow and the work that we do here has to be done on the basis of conscience, belief, philosophy. I think that the whole question of the death penalty, as well as the various issues surrounding it—because it is not just the death penalty, there were various other issues that were examined—is something which has to be regarded as involving conscience, belief and philosophy. For those reasons and because it was an Independent Senator who raised this in the first place, I feel it is my duty to request that the report be subject to a Senate debate. I hope that it is a request that will meet with the respect of those on the Government Benches and those on the Opposition Benches.

Lastly, Mr. President, there is the question of what I regard as responsibility of citizenship. There has been a lot of controversy in the press lately about the events that have been surrounding the—if I can so put it—reactivation of the procedures that lead to the death penalty in certain instances. It has been 13 years, I think—the Minister can correct me if I am wrong—since the last time anyone was, in fact, put to death as a result of the death penalty. I do not really want to raise the matter at this point whether the death penalty should be abolished or should be retained. I do not think this is the time for it, and it is not what I am here for.

What I am really concerned about is what I regard as our social responsibility. I think that when you have an issue which is this vital, all citizens, and ourselves, in particular—because we are leaders in the society, as parliamentarians—have a certain kind of social responsibility in this regard. I think that if we are going to accept the resumption of the death penalty as a result of the report of this commission, then we should do it openly, frankly and in the light of day, not just let it sort of slide in as a result of a tabled report which nobody has looked at.

I think that history will accuse us all of a kind of moral cowardice if we did not face up to the ethical and moral responsibilities that we have as citizens of this country and as Senators in saying, “Look, this is something if we decide that it

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should go ahead, it should go ahead. But let us do it as a result of a reasoned debate not in default." I do not think it will be a waste of time—I know we are always complaining about things being a waste of time and I know too that we have got limited time in the Senate to pursue matters like this. I think we are in a very platonic sense, the guardians of the state. You will remember *Plato's Republic* where he described the duties of a guardian of the state. If I can quote what Plato said:

"He who is to be a really good and noble guardian of the state will require to unite in himself philosophy in spirit, and swiftness in strength."

These are ideals which have been the model for people who have been in Parliament ever since. I think that we have a responsibility to follow along in that tradition. It is a philosophy which has been recognized by all political philosophers ever since—people like Aristotle. You will remember Aristotle's comments on civic courage and what that involves. People like Jeremy Bentham, John Mills and John Locke, all these political philosophers have, over the years, laid the basis for what we are here today to do.

I think that is the social contract which John Locke talks about and I also think that, that being the basis for the kind of government we have, is something that we have to take a look at.

Because a social contract is a contract between us and the people that we are here representing. A social contract means that you take a look at things, that you have a responsibility to the citizens. I think that the Report of the Commission of Enquiry is something that will have to be looked at on a periodic basis, every five or 10 years, as the society demands it.

But, I think that it is one of our responsibilities and it is something which brings me back to my point in the first place that, if it is something that has to be examined on a periodic basis, then let us do so openly so that the public is going to understand that the body which started the whole process going in the first place, which has ended in the resumption of the use of the death penalty, has done so in full knowledge and understanding of what it has done.

There is an awful lot of violence in the society at the moment. We are always hearing stories about violence in the police service, in schools, on the streets, and if we decide that we agree that the use of institutional violence is valid as a deterrent to individual violence, then I think we should say so to the society, so that the society is not going to think that we are just condoning violence as a way

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of dealing with social problems generally. If we do not agree, I think we should say we do not agree.

Not to debate this report, is to shirk our responsibilities as citizens, as Senators and Members of Parliament, and breaking the social contract that as Members of this Senate we have accepted on behalf of the people of Trinidad and Tobago. So I urge upon the Government the need to debate in the Senate the Report of the Commission of Enquiry into the Death Penalty—the Prescott Report, as it is usually referred to.

Thank you, Mr. President.

**The Minister of National Security (Sen. The Hon. Russell Huggins):** Mr. President, let me say first of all that I do not agree that the failure to debate the Prescott Report in Parliament is shirking any responsibility whatsoever. I would say, Sir, that the Government does not intend at this point to debate the Prescott Report in Parliament principally for the reason that there were several issues raised in the Prescott Commission Report, some of which happen to form some of the grounds of appeal that now lie in the case of Jurie Singh and others before the Court of Appeal.

I fear that were we to take any immediate steps to debate that report, we may very well be treading a very precarious path in dealing with a matter that may very well be sub judice. I know for a fact also that one or two of the issues upon which the commission made certain recommendations, also form part of the grounds of the matter which is now engaging the attention of the High Court in the case of Seeratan and Nicholson.

It is the Government's intention, I may add, to carry out the death penalty where the need arises. I fear that in pursuing that course we may find ourselves always in the position where we risk debating something that may be engaging the attention of the court at the same time.

The Cabinet met on this matter very early in its term, and whilst noting the acceptance of the report by the previous Cabinet, revoked one part of that decision which in our view seemed to be somewhat inconsistent with the provisions of the Constitution. Whilst at one point it is telling the review body to review all the cases, taking into consideration certain matters, it found itself at the same time saying that persons who were found on Death Row for a period of ten years and more should have their sentences commuted. We found that to be inconsistent

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with the mandate given to the Advisory Committee, and the present Cabinet revoked that part of the decision and simply left the entire matter up to the Advisory Committee, of which I happen to be Chairman.

The Advisory Committee, I may advise the Parliament, is assiduously pursuing its work in reviewing all 108 cases. I want to make it patently clear that where the circumstances exist for the death penalty to be carried out, it will be carried out; and where circumstances exist for some form of sympathy to be shown and a sentence be commuted, it will be commuted.

But to get back to the substance of the motion, Mr. President. When this motion first came before the Parliament in 1988 it was brought—if you look at the way the motion was formulated—more out of concern for the inertia that existed at the time on the whole question of the exercise of the death penalty. I would not be surprised if the then Sen. Deosaran wanted to ensure that some move be made on this whole issue to relieve the concern that was being shown for those who happened to be on Death Row. I cannot say why no one did anything about it since 1979. It is only unfortunate that such a situation happened. But the report having come out, this Government has decided to take firm action on it, and I give the assurance that considerations of delay should no longer concern anyone in dealing with these matters.

I know that there are quite a few issues that a debate can bring out when dealing with this matter but, as I say, our principal concern with debating this at this time is that we may very well run foul of that principle which prevents anyone taking active issue with a matter that may be before the court.

So as I said, Mr. President, as I opened, the Government does not intend to debate this matter, at least at this time.

Thank you, Mr. President.

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 5.38 p.m.*