

Leave of Absence

Tuesday, March 16, 1993

SENATE

Tuesday, March 16, 1993

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. Wade Mark to be absent from sittings of the Senate during the period March 15 to April 23, 1993 as he will be out of the country on vacation leave.

I have also granted leave to Sen. Joan Yuille-Williams to be absent from today's sitting, due to illness.

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. Wade Mark, with effect from March 15, 1993.

OATH OF ALLEGIANCE

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

FINANCE BILL

Bill to provide for the imposition or variation of certain taxes and duties, for the incorporation of the amendments made by the Provisional Collection of Taxes (No. 2) Order, 1992, and for related matters; 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.

PETITION

Caribbean Organization of Supreme Audit Institutions

Sen. Michael Mansoor: Mr. President, I wish to present a petition on behalf of the members of Caribbean Organization of Supreme Audit Institutions (CAROSAI) who are desirous of introducing a private bill in this House for the incorporation of CAROSAI. I ask that the Clerk be permitted to read the petition and that the promoters be allowed to proceed.

Petition read.

Question put and agreed to, That the promoters be allowed to proceed.

PAPERS LAID

1. Report of the Auditor General on the Accounts of National Helicopter Services Limited for the year ended September 30, 1991 [*The Minister of Planning and Development (Hon. Lenny Saith)*]
2. Report of the Auditor General on the Accounts of the National Lotteries Control Board for the year ended December 31, 1990 [*Hon. L. Saith*]
3. Report of the Auditor General on the Accounts of the Tobago House of Assembly for the year ended December 31, 1981. [*Hon. L. Saith*]
4. Report of the Auditor General on the Accounts of the Tobago House of Assembly for the year ended December 31, 1982. [*Hon. L. Saith*]
5. Report of the Auditor General on the Accounts of the Tobago House of Assembly for the year ended December 31, 1983. [*Hon. L. Saith*]
6. Report of the Auditor General on the Accounts and Financial Statements for the year ended December 31, 1991 in respect of the Global Pre-Investment Programme—Loan Contract 550/OC—TT and the Non-Reimbursable Technical Co-operation Agreement ATN/SF—3159—TT between the Government of the Republic of Trinidad and Tobago and the Inter-American Development Bank. [*Hon. L. Saith*]
7. Report of the Task Force on Education—Green Paper [*Hon. L. Saith*]
8. New administration and distribution policy for land. [*Hon. L. Saith*]

ORAL ANSWERS TO QUESTIONS

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

**Natural Gas
(Price to Nucor)**

- 53.** Could the Minister of Energy state precisely:
- (a) What is the price being paid for natural gas supplied by the National Gas Company to Nucor?
 - (b) Whether there exists a twenty-year contract for the supply of natural gas to Nucor by the National Gas Company?

**Airports Authority
(Legal Fees)**

- 54.** Could the Minister of Works and Transport state:
- (a) The amount of legal fees paid out by the Airports Authority of Trinidad and Tobago between the years 1985 to the present and to whom were these sums paid?
 - (b) The amount of Airport fees, including landing and rentals, collected by the Airports Authority from 1985 to the present time?

**National Gas Company
(Annual Performance)**

- 55.** Could the Minister of Energy outline the annual performance of the National Gas Company in respect of the company's profit and loss accounts for the period 1984-1992?

Sen. Surendranath Capildeo: Mr. President, could we have question Nos. 53, 54 and 55 deferred until Sen. Mark's return to the Senate?

Questions, by leave, deferred.

The following questions stood on the Order Paper in the name of Sen. Everard Dean:

**BCCI Funds
(Transfer of)**

- 79.** (a) Could the Minister of Finance state whether the Central Bank of Trinidad and Tobago had given permission to Bank of Credit and Commerce International to transfer funds from Trinidad and Tobago to the Cayman Islands and/or to Miami in 1989 or earlier?
- (b) If the answer is in the affirmative, would the Minister state when the transfer/s took place, in what amounts and on whose behalf?

**BCCI
(Improper Activities)**

- 80.** Could the Minister of Finance state:
- (a) Whether he is satisfied with the startling revelations about the improper activities of Bank of Credit and Commerce International abroad?

- (b) Whether adequate precautions were taken in Trinidad and Tobago to avoid losses occurring to nationals here in Trinidad and Tobago?

**Central Bank
(Weaknesses)**

- 81.** Is the Minister of Finance satisfied that there were weaknesses in our system which prevented the Central Bank of Trinidad and Tobago from taking the necessary steps to protect depositors in Trinidad and Tobago before the collapse of Bank of Credit and Commerce International in Trinidad and Tobago?

The Minister of Finance (Hon. Wendell Mottley): Mr. President, I have requested this information from the Central Bank. It is not yet available and I therefore seek a deferment for one week of all the questions related to the BCCI matter.

Questions, by leave, deferred.

1.40 p.m.

**JOINT SELECT COMMITTEE
(Public Holidays)**

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. President, I beg to move the following motion:

Whereas at a sitting held on Tuesday November 8, 1992 the Senate by Resolution agreed to the appointment of a Joint Select Committee to consider and report on the entire question of public holidays;

And Whereas at a sitting held on Friday March 5, 1993 the House of Representatives appointed and nominated five of its members to join with an equal number appointed and nominated by the Senate to serve on this Committee.

Be it Resolved, That this House appoint and nominate the following five members to join with an equal number appointed and nominated by the House of Representatives to consider and report on the entire question of public holidays:

Sen. Ashick Hassim

Sen. Pundit Ramcharan Gosine

Sen. Jean Elder

JSC (Public Holidays)

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Sen. Roi Kwabene

Sen. Carol Mahadeo

Question proposed.

Question put and agreed to.

FINANCE BILL

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

That a Bill to provide for the imposition or variation of certain taxes and duties, for the incorporation of the amendments made by the Provisional Collection of Taxes (No. 2) Order, 1992 and for related matters, be now read a second time.

Mr. President, last November I presented the annual budget statement to this Senate. The fiscal measures announced at that time were published in the Provisional Collection of Taxes Order, 1992, as amended by the Provisional Collection of Taxes (Amdt.) Order 1992. This order was subsequently debated in this Senate and confirmed.

The Provisional Collection of Taxes Act provides that any tax which is imposed by an order made under this Act has effect for a period which expires at the end of four months after the commencement of the order. Before the expiration of the four-month period, it is therefore necessary for a Bill to be passed imposing the taxes which were covered by the order, either with or without modifications. It has become the practice over the years, to include in this Bill variations of existing taxes which have been previously confirmed by resolution.

Since, as I have indicated, the majority of measures included in the Bill have already been the subject of extensive debate in this honourable Senate, I would deal mainly with those areas in which modifications have been made to the provisions of the order which were previously confirmed.

Parts I to XVIII of the Bill do not contain any significant modifications to the order. Any changes made are merely refinements in drafting style. The first modification contained is to be found in Part XIX of the Bill, in clause 21(2)(a) which revokes regulation 28(1) of the Animal (Importation) Control Regulations

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and substitutes a new regulation to empower fees to be paid to persons other than the Comptroller of Customs and Excise, or the Inspector. This amendment is necessary to enable import permit fees to be paid to the Permanent Secretary in the Ministry of Agriculture for crediting into the general revenue. The imposition of the import fee of \$10.00 is the second modification to the provision of the order. This fee is payable on the importation of live animals, carcasses and animal products into the country.

The next change is to be found in Part XX of the Bill which deals with income tax. In clause 22(c) we propose an amendment to clarify the provisions dealing with the wear and tear allowance for private motor cars purchased for over \$100,000 and to make provision for the calculation of a balancing allowance or charge on the disposal of such a car.

One will recall that the order provides that where the purchase price of a private motor car exceeds \$100,000, the price is deemed to be \$100,000 for purposes of calculating the wear and tear allowance. Where a car was purchased before January 1, 1993, the value of which after depreciation exceeds \$100,000, the value shall be deemed to be \$100,000 as at that date.

Clause 22(c) of the Bill now includes a modification to the effect that in computing the balancing allowance for the amount on which a balancing charge is made upon the disposal of such a motor vehicle, the amount of the sale, insurance, salvage or compensation moneys shall be deemed for those purposes only to be the figure as computed by the formula, proceeds from disposal times \$100,000 divided by the actual value or cost. The exclusion clause which previously referred to car rental companies has been modified to refer to rented cars, for clarity.

Mr. President, clause 22(g) of the Bill deals with the provision which was introduced by the Income Tax (Amdt.) Act, 1992, which was assented to on December 29, 1992. That Act inserted a new section 45A into the Income Tax Act, to exempt from income and corporation tax, income arising from the rental or initial sale of certain buildings constructed during the period from January 1993 to December 1994. However, no provision was made for the expenses accrued in the production of this exempt income. Clause 22(g) of the Bill, therefore, will insert a new subsection (7) in section 45A which is intended to allow these expenses to be deducted although the income is exempt.

Clause 22 also seeks to amend the provision which was included in the Income Tax (Amdt.) Act, 1992. This provision was intended to prevent abuses of

the income tax provisions under which employees were being granted non-repayable interest free loans prior to retirement from insurance policies entered into by employers to provide for their employees upon retirement.

It has now been drawn to our attention that in spite of the amendments, employers and employees could still avoid tax on benefits intended for the provision of retirement benefits by using these policies as security for loans either by the employer or the employee. Accordingly, clause 22(i) seeks a further amendment of the provision to provide that they cannot be used as security for a loan nor can they be capable, in whole or in part, of surrender, commutation or assignment.

Mr, President, it was not our intention that these provisions should apply to group life insurance policies, and clause 22(i) therefore also includes exemption for group life insurance policies.

Part XXI of the Bill, in clause 23, amends the Corporation Tax Act to impose the business levy. These provisions have been modified slightly in respect of the exemptions to the business levy. The first modification is intended to specify more clearly the period during which new companies should be exempt from this levy. The provision now exempts companies during the first 12 months following their registration, where previously the reference was to companies in the first year following their registration.

1.50 p.m.

Similarly, the exemption for companies owning or engaged in the operations of hotels has been modified to refer to the gross sales or receipts of a company which give rise to profits exempt from corporation tax under any Act.

The intention is to exempt the profits arising from hotels, but not any other business carried on by such companies. Additionally, certain other income streams may be exempt from corporation tax in the hands of companies which are not themselves exempt from corporation tax. The provision proposed would also exempt those income streams. The exemptions for public utilities owned by the state have also been reformulated to refer to public utilities under the jurisdiction of the Public Utilities Commission. There has also been, in this respect, some further amendments which were passed in the other place and have been circulated, which carry this further and also allow for further exemptions as listed thereon in that list of amendments.

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In clause 25 of the Bill, we propose an amendment to the Customs Act in order to implement a recommendation of the Caricom Council of Ministers that Member states adopt a common bottling strength of 40 per cent alcohol, by volume, as the standard for marketing rum and other spirituous beverages in the region. The proposed amendment reduces the required strength of brandy for importation from 42.9 per cent alcohol by volume to 40 per cent. A similar amendment has been proposed in clause 32 to the Liquor Licences Act.

In clause 25 (d) of the Bill, the Second Schedule to the Customs Act is being replaced. This change, together with the proposed amendment to Part B of the Third Schedule to the Customs Act, which is in clause 25 (b), has been made in order to complete the implementation of the revised CET, as agreed by the Heads of Government at a special meeting held in October, 1992. Part A of the Third Schedule has not been amended.

The First Schedule to the Customs Act which contains the rates of duty applicable to all classes of goods has already been amended in keeping with this agreement by Legal Notice 189/92, with effect from January 1, 1993. The Second and Third Schedules deal with the grant of conditional duty exemptions. The Second Schedule contains a list of those items which are exempt from duty and the purposes for which they may be granted such exemption. Certain goods which are listed in the broad headings in the Second Schedule will, nevertheless, not be allowed exemption if they are also contained in the list in Part B of the Third Schedule unless they are gifts or goods imported for rehabilitation or relief following a natural disaster.

Class 1 of Part B of the Third Schedule lists items for industry in respect of which the Minister of Trade, Industry and Tourism is not permitted to grant Minister's licence for duty free or reduced duty importation. Exemptions to this list may be granted only with approval of the Caricom Council of Ministers upon requests made by the Minister of Trade, Industry and Tourism.

It should also be noted that mosquito nets and nettings and, of all things, tombstones and memorials, have been removed from the new Second Schedule. As a result of this momentous decision, removal of certain consequential amendments are proposed in clause 24(b) of the Bill dealing with stamp duty, and in clause 39 dealing with Value Added Tax.

Part XXXVII—Value Added Tax: In clause 39(b), we propose an exemption from VAT on goods imported by the Bureau of Standards for use in the

construction, furnishing, upkeep and repair of the buildings belonging to that body, or for carrying on the usual purposes for which that body exists. In clause 39(e) we propose a repeal of the Excise Duty (Edible Oil) Order, 1988 with effect from January 1, 1993. This will have the effect of removing excise duty from edible oil so that it would be on the same footing as deodorized edible oil which became exempt from excise duty when the VAT Act came into effect—just a tidying up arrangement.

Finally, I wish to point out the amendment to the Brewery Act contained in clause 44 of the Bill. The amendment is intended to change the definition of “shandy”: In that Act, “shandy” is presently defined as “a mixture containing not less than 1.2 per cent alcohol by volume, bright beer, shandy concentrate, granulated sugar, carbon dioxide and water.” This has prevented locally manufactured “shandy” from penetrating the UK market where shandy is required to contain less than 1.2 per cent alcohol by volume. The proposed amendment will enable our locally produced products to access that market.

Senators will also have received a list of amendments which I think are all self-explanatory. Most of the amendments, except the one that I previously explained are about the extension of the exemption for the public utilities—the PTSC and others as listed there. Most of the other amendments are really of styling and correction of typographical errors.

One major matter, though, is the amendment whereby matters concerning income tax will become effective from January 1, 1993 and not at the time that this Bill is assented to, so as to make sure that the particular matters will apply to the whole year of income—January 1 to December 31, 1993—not just for part of the year which would be the period from which time the Bill is assented.

With these words, I beg to move.

Question proposed.

Sen. John Rooks: Mr. President, we are here to pass the Finance Bill 1993. I deliberately, say pass and not debate. The debate is over and the rubber stamp will be applied today whether we like it or not .

I, for one, do not like it for many reasons. First of all, it is a return to the old PNM policy of increased taxation which has been proved to be counter-productive, in that it does not allow the entrepreneurs and business sector, in general, to make most of the profits earned.

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This country of ours has a very tough battle ahead and the Government should be ensuring that the people who provide the jobs have the maximum funds available so that they can expand. Higher taxation does not provide jobs; in fact, it does just the opposite. It causes a loss of jobs because the business sector cannot afford to expand nor can it afford the total quality programmes, overall efficiency and training required to hold its own with the international competition. We are in a changing world, a trade liberalization world, and many parts of the world already have had a head start on us. If the Government does not give us its support, our country will be left behind.

2.00 p.m.

The *Guardian* of Sunday, March 14, carried a front page article stating that Minister Kenneth Valley had condemned the proposed National Investment Company (NIC), because he pointed out there was no provision in NIC to deal with the annual pay increases accumulating at \$500 million each year. If this report is correct, this confirms that the ruling party have not learnt a thing from the 30 years that they were in power. We should not blame the IMF, the World Bank, Japan or any of the other lending agencies for all the country's problems. Our problem has just been found by Minister Valley: Pay increases must be related to productivity, not mandatory every year. In the words of President Hassanali, whatever the problem being considered, we must distinguish between individual interest, sectoral interest on one hand and national interest on the other.

Trying to evaluate this Bill was made even more difficult as the law books in my possession are not up to date and several amendments could not be evaluated as the sections to which they referred were not available. Most of the chapters in my law books were dated 1980, with only some in 1990.

For instance, the Firearms Act Chapter 16:01 was dated January 1980 when the cost of a user's licence was \$40.00. Now, why is it necessary to increase this from \$100, as it was last year, to \$150 this year? This whole Bill gives the impression that all the law books were gone through with the attitude, "double any price you see." Once more the Government is making the innocent pay for the guilty. If you have a legal firearm, you must pay; but every Tom, Dick and Harry has all the guns he wants, free of charge, and responsible people have their applications refused. John Public is now sick and tired of this treatment and is now buying guns to protect their families. Once more the illicit trade is doing a roaring business in "hot" guns.

This Government seems to have a knack for doing the wrong things. I spoke about the five per cent corporation tax increase during the budget debate, and pointed out that this could prove counter productive, as we had recently got several foreign investors in the energy sector, and this was tantamount to changing the rules of the game in the middle of the game. This could make us uncompetitive in the world market for the investment dollar.

Now, it has been done again by increasing the cost of a work permit. The application cost is \$600 and the permit, if it is approved is \$450 monthly; so for each person, the first year will cost \$6,000 and \$5,400 for each succeeding year. So we have all the foreign investors coming in and suddenly finding that they have all these additional charges to pay.

All locally trained oil industry personnel have migrated, so there is no doubt that personnel will have to be brought in. Let us hope that each investor hits a bonanza and stays on to develop it. Unfortunately, I was not graced with Chap. 27, so I was unable to comment on the 100 per cent increase and just have to hope that none of them concerns me.

Similarly, no relevant Chap. 44:01 Second Schedule, Chap. 45:01 were in the sections to which it referred, or Chapters 45:02 or 45:03, but since I was not planning to have any more children, or become a marriage officer of any persuasion, I would not know if any part was reasonable or not. Once more, my law books had been attacked by gremlins as all the reference chapters for parts 18, 19 and 20 were missing.

Now, we come to the iniquitous business levy of 0.25 per cent on the gross sales or receipts. This is ambiguous in the first place, and it is unreasonable to expect a company which has sustained a loss to pay a levy. Income tax is to be paid on income, not on losses. How is this levy to be calculated? The Bill says, sales or receipts. As far as I am concerned, a sale is not a sale until a payment has been received. This does not happen very often in the petroleum industry these days. I, therefore, am going to calculate my levy on receipts.

Thank you, Mr. President.

Sen. Roi Kwabene: Mr. President, the main purpose of this Bill is to provide for the imposition or variation of taxes, in accordance with the Provisional Collection of Taxes (No. 2) Order, 1992 and to introduce other fiscal measures.

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Before I comment on these measures, may I say that though I may not be a financial expert, I am quite sure that Members on both sides would agree that debate on this Bill provides us with an opportunity to examine the performance of this Government since it assumed office. It pursues its economic policies, and, to date, the citizenry of Trinidad and Tobago have grown to accept that the past two budgets when presented to us were bitter pills to swallow. However, when we consider the impact of this regime's rule on the quality of our lives, we are forced to conclude that, indeed, these are difficult times in which we find ourselves.

I shall concentrate on several measures imposed via legislation. It is obvious that the intention of this Government is to raise revenue at all costs, especially at the expense of the already overburdened, low, middle and no income groups. The main reason being loosely touted for the precarious situation in which, we, as a nation have found ourselves, is the foreign debt crisis and the immediate need to repay. This we understand, but sadly, our internal problems remain untreated, whilst strenuous efforts are made to fulfil our external debt commitment.

This Government, via its political machinery, reminds our population that it is not the author of the current situation—which I disagree with. At its political conventions and meetings it seeks to impress upon the masses that it does not want to be known as a callous regime. It is saying that they are indeed a caring government.

What is provided for us today is the hidden measures of the last presented budget—the sleepers and creepers as they are known. Productivity in our country is at an all time low. The human resource is left in limbo, and policies, as painful as they are, will be pursued by this caring Government, as up goes the unemployment level via retrenchment and VTEPP.

I wonder if Caribbean politicians believe that their day of reckoning with the masses will never come. Elections come and go; unemployment skyrockets from 17 per cent to 19 per cent. There is no need to worry, it will go down, assures the politicians; 20 per cent, 25 per cent, it goes on and on, and better days are supposed to be coming. There are more bankrupt policies, and time passes; retrenchment time, no policies and it continues. There is no sympathy, just braying and gallerying at constituency meetings.

Trinidad and Tobago needs a firm concerted effort by all concerned to stem the tide of discontentment and hopelessness. A prominent local economist and

politician of some note confided to me that Trinidad and Tobago has a death wish. This is a serious matter for somebody of his standing to assert. I am speaking about Mr. Lloyd Best. We proceed dangerously to the cliff and are urged on even further by this regime with promises of a brighter future, perhaps a reincarnation in 1997. If wishes were horses, PNM would be riding.

2.10 p.m.

I am going to make some comments here on some of the issues raised after a study of the Finance Bill, 1993. It is a very large document, as usual. With your permission, Sir, I shall quote from several sections.

The Forensic Science Centre which appears in the Third Schedule is a very admirable institution. I am very happy to know that in Trinidad and Tobago we do have a centre of such note. There is a scale of fees here published by the Trinidad and Tobago Forensic Science Centre, which is a department of the Ministry of National Security. Under chemistry, we notice that there are fees for corrosive substances identification, erased numbers restoration—automobile engine. Obviously, this refers to stolen vehicles.

Permit me to question whether or not these increased costs would result in an improved service by the Forensic Science Centre. I am going to quote an article published on page 8 of the *Express* of February 11, 1993 in the Trinidad and Tobago Chamber of Industry and Commerce column, entitled "Curbing car thefts":

"Acceleration in the process of forensic examination:

The Forensic Science Centre has the capacity to store three vehicles simultaneously and presently its staff examines an average of two vehicles per week. The vehicles examination personnel at the centre performs a dual role. They must also analyse suspected narcotic exhibits. The stolen vehicles squad alone has a backlog of more than 80 vehicles yet to be scientifically examined. This adverse situation considerably affects the investigations.

The Chamber suggests that, through the relevant authority, an effort be made to increase the capacity of the Forensic Science Centre to store and examine at least 5 vehicles per week, through specialisation of its staff and recruitment of experts. Police officers can be trained in the science of such identification similar to the function of a fingerprint expert."

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Mr. President, I am questioning whether or not the Ministry of National Security has taken note of the advice given to it by the Trinidad and Tobago Chamber of Industry and Commerce. All across this country, if you were to visit police stations, you would see high bush growing over vehicles that have been seized for one reason or another. I think it is definitely out of order for us in our beloved country to be holding people's vehicles for so long awaiting investigation. I think it is terrible and something should be done. The police stations have indeed become dumping grounds for such vehicles. I am saying that if you are going to raise the cost, something should be done about the services provided.

Registrar General is another important area that has been raised.

"9. The Schedule to the Registrar General Act is repealed and the following Schedule is substituted:"

These are fees for registering of deeds et cetera.

The condition of the search room in this Red House needs to be urgently upgraded. The working conditions of the title clerks need attention. True, the cost for their labour will be passed on to the consumer; also there is the argument that provision for title clerks, for instance, a lunch-room, is the responsibility of their employers. But what about security for even the Red House, in which Parliament is located?

Over the past few weeks—if it has not been reported in the media, I trust that the opportunity will be taken by them at this time to report—there were break-ins downstairs of this beautiful building. Fans and chairs are missing. Nothing has as yet been done and I think something has to be done about it before we go any further.

Part XII—Food and Drugs. Yesterday was World Consumers Day and, as we know, there is the need for any government which is carrying on any sort of liberalization policy with regard to trade, to take into consideration the need to educate the public. There is no need for me to repeat this. I keep repeating it. There is need to educate the consumer. Since consumer protection falls within this area of food and drugs, if they are going to raise fees in that department, I would hope that the Minister would ensure that proper services are provided.

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I note—and I think that the PNM should feel happy about this—on page 4 of the *Trinidad Guardian* dated March 15, 1993, the headline, "Standards Bureau to get 'more teeth'". I hope it is not more plates. I keep speaking about the Standards Bureau and the important role they have to play. However, if I am to quote from this document, it says:

"Amendments are being drafted in the Standards Act of 1972 which provides for the preparation and promotion of standards for goods, services, processes and practices by the Bureau of Standards."

I am extremely pleased to note that, at last, some consideration will be given to the Standards Bureau and its relevance; and I think it is more than time. So, commendations are in Order for you on this piece of proposed legislation. I sincerely hope that it would not be like the Maxi-Taxi Regulations which we are still awaiting.

Part XIV—Births and Deaths. Here they are going to raise fees, again. If I am to comment here, on a light note, perhaps this is a form of contraceptive, but I do not think it will work because, as you know, in poor communities and in developing societies those people need advice and help in planning their families. As far as the cost is concerned, I am a bit worried about what is going to happen to the parents who have brought an infant into the world and are unable to raise the amount of money they need to register the child and the time passes and they have to pay the penalty. I am sincerely hoping that some sort of consideration has been given in this area.

Mr. President, I go further to Part XXIII which deals with Customs. We see under items 4 and 28 the issues of archaeological sites and specimens of natural history. I am happy about this because I think it is about time that the people of Trinidad and Tobago recognized the value of our history. Throughout the world, especially in the developing world, people are at last recognizing the importance of the Caribbean and this part of the world.

I do not know, Sir, if you are a student of natural history, but it has been proved beyond a doubt that where the Atlantic Ocean lies, there was a continent known as Atlantis, and there are scientists who are diving off France and Spain looking for facts in relation to Atlantis. As you know, Mr. President, there has been a continental drift and Trinidad and Tobago and the Western Hemisphere, in particular the Caribbean, are somehow linked in this exploration. So I am happy to

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note that the PNM Government, once again, is seeking to protect our interests via this move.

2.20 p.m.

But, Mr. President, what about the Natural Trust Act? This Act has not yet been proclaimed. If we are going to put the cart before the horse, what is the PNM's policy with regard to a museum in Trinidad and Tobago? What is the policy in terms of including in the curriculum in the schools the study of archaeology as well as natural history? It is important for our young people to recognize and understand where they are living, who were living here before.

Item No. 5, Mr. President, deals with articles for the disabled. What policy? I am here to question this again, because, in the absence of policy, I have no other choice but to question where the policies are.

There are several institutions in our beloved land which seek to protect the interests of the disabled amongst us. Over and over in this honourable Chamber I have raised this issue of equal opportunities. I do not want to repeat myself totally on it, but what I would like to say is that under item (b) in this general heading, we see hearing aids, crutches, manual and motorized wheelchairs, et cetera.

There is the need for a policy on disabled people in our society. There are several institutions, as I indicated earlier, which exist in Trinidad and Tobago which serve these people, especially the children. There is the Trinidad and Tobago Association for Retarded Children. I do not agree with the use of the word "retarded". I think it is about time in this country that we throw away words like "retarded" and "crippled" and use the word "disabled".

There are institutions in Gasparillo, Cocorite, Penal and Arima, somehow linked to the Roman Catholic Church, which are doing an excellent job in terms of preparing these people for the outside world. However, I did not see anything in this Bill concerning the multipurpose corps which is needed so urgently by those institutions to enable those beautiful children to participate in special Olympics. This is very important.

As I go on, Mr. President, there is the situation with braille. I mean, the time has already passed; we are now in the age of computerization and we are now thinking about braille. It is about time we went down that road.

The equipment for schools: We need more equipment in the schools, yes, so I am in full support of it.

Item number 8, Mr. President, the homeless children. The drugs in the schools are an issue to be looked at. We are thinking about the children who are homeless, but what about other children who are not in institutions? What about those children?

Studies need to be conducted on many issues in our beloved land, and when we come to the theme of education, items 16 and 37, I believe that not only the United Nations must be exempt from duty; I believe that all other institutions abroad which provide for the development of our people along the lines of education, scientific and cultural, should be included under the guidance of the Minister of Education.

I am of the firm opinion that the mass media in Trinidad and Tobago should be utilized for the education and upliftment of those who are unable to complete their studies at the institutions. I am suggesting, once again, in this honourable Chamber the need for us to establish in Trinidad and Tobago an open university whereby people could be educated via the media so that we would not only be advertising alcohol and tobacco, and other things on the television, we would also be utilizing that medium to educate our people.

Under item 32, printers: This is long overdue. Being a writer, over the years, know what we have to contend with when we go to the printers' press to publish a book. It is a big problem. Printers have been complaining for years. I know of a particular situation, where I waited for a year and a half to get one book from one of the leading printeries in Trinidad and Tobago, the College Press. That book, took a year and half, and had I been in a small island, like Barbados, it would have taken a week or less to publish that work. The complaint was that all the plates were tied up on the docks, the ink, tied up there, and they could not get them out. Now that they have brought this legislation, I sincerely hope that we will be seeing the standardization of textbooks, the incorporation of local writers into the whole scheme of things in terms of providing literature for the upliftment of our young people. We are saying we want to see more local books. If the PNM wants to tax books, tax all the foreign books; do not tax the local books. Let us have some sort of incentive for our young people.

Under Part XXVII, copyright—somehow linked to the last issue I just mentioned. Suppose you are a creative individual and you create or write

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something of worth. You need to copyright it at the Registrar General's Department but you do not have \$100. You are going to be in a lot of trouble.

I remember when I went to copyright my first publication. I did not have \$100 in my pocket—\$100 was a lot of money at that time, now you may be swift to say that \$100 was not a lot of money, but that would be wrong. So if you are creative and you have created a work of art, you have created something literary, and you need to register it, you need to have \$100 in your pocket before you could do so. In that way you would be at a disadvantage if you do not have the money to register your work. I do not think that is fair.

In retrospect, I question whether this Government has any defined policies in the area of sport, culture, education, health or the youth. We all need to place emphasis on these issues; they need our urgent attention. Here it is in this Bill we have a few pages here dedicated to sport. They took my advice during the budget debate and they removed the duty on sporting equipment. What about the facilities? Why is it that we have to use the stadium to carry on cultural activities? That is immoral. Because every year, every occasion it is utilized you hear the people complaining afterwards; the tracks have been affected.

For years we have been hearing about the need to establish a national theatre in this country. Why are we using the stadium wrongly? The stadium is for sports. You also need to have training programmes for our young people. Imagine the Minister of Finance is supposed to be an exponent of sports, the Minister of Sports, as well—two well known exponents—and I am quite sure there are others among you. Mr. President, I am saying, we need to have more training programmes, we need to be able to incorporate Physical Education on an official level in our education system and, as such, I am yet to be convinced of our Government's ability to rule and lead us out of this abyss.

This Finance Bill is a blatant attempt to raise revenue. Mr. President, I know they need the revenue, but the burden of adjustment needs to be shared equally. There are people without an income, there are people with a little bit, a dwindling income, and there are people who have too much. I am not a communist, but equitable development is what we want to see. We want to see everybody share in the pie.

Mr. President, I conclude at this point. Thank you very much for the opportunity.

Sen. John Rahael: Mr. President, my contribution to the 1993 Finance Bill will be short, since I believe that we have debated this through the Appropriation Bill, 1993. However, I think that there are two important areas which are worthy of the attention of this honourable House.

I refer to Part XX and Part XXXIII of the Bill. Part XX seeks to amend the Income Tax Act to allow for the exemption of income or profits derived from property construction which will begin in 1993 and be completed by the end of 1994.

Mr. President, we all know of the significance of the construction industry and the part it plays with respect to employment, both for skilled and unskilled labour; the part the construction industry plays in the utilization of local materials and also in the input from various manufacturing sectors.

Our Government, recognizing that for every one employed person who is on site in a construction building, the spin-off is at least four to that one. In recognition of this, and coming out of the seminar workshop where the theme was "Kick-starting the economy through the Construction Industry", hosted by the NCB, it was quite clear then, as it is now, that the construction industry is an important indicator of economic growth.

Because of the measure, I recall indicating how excited I was because of the incentive which this particular section gave to the construction industry. I was excited in December when it was announced, and I am even more excited now. I have been able, through my own limited resources, to avail myself of the information with regard to the construction which has begun in some instances, and those which are about to begin within the next few months. All of these which I am about to list have nothing to do with the burnt out sites based on the events of July 27, 1990. These were vacant lands, in most cases, which remained idle for some time:

- (1) On Frederick Street, two buildings, each three stories, both buildings comprising over 50,000 square feet.
- (2) On Charles Street, two buildings, one a six-storey building, the other a two-storey building, both comprising over 40,000 square feet.
- (3) 50,000 square feet of showroom and warehouse to be erected on the Churchill-Roosevelt Highway, to be completed before the end of 1993.

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- (4) 30,000 square feet of building on Henry Street over two sites. One site has been vacant for at least 10 years, and this is prime commercial property that we are referring to.
- (5) Park Street, over 120,000 square feet of building.
- (6) Abercromby Street, 5,000 square feet of building.
- (7) Queen's Park East, 25,000 square feet of building.
- (8) In Arima, Green Street, 6,000 square feet of building.
- (9) In the west, expected construction to begin in 1993 of over 170 apartment units at Cocorite.
- (10) Sites on Queen Street, Charlotte Street and Henry Street which were destroyed during the events of 1990, but still remain vacant, over 70,000 square feet of building.

Mr. President, this totals over 600,000 square feet of building, representing over \$150 million worth of construction. I am told that within the next three weeks, contracts valued over \$90 million will be signed.

I find this to be exciting because I have also been advised that within the next three months, at least 1,500 jobs will be created in the construction industry on these sites. This is not to take into account sites which are already in the pipeline, buildings which are now being completed and some of those which are still to begin, but have been on the drawing board and approved since last year.

I refer to such sites as the Citibank on Queen's Park East; the Guardian Life building towers at West Mall; the extension of the Hilton Hotel and many others. A tremendous amount of renovation work is also taking place and based on all that we have available to us, we really anticipate a construction boom.

Again, I want to emphasize that this incentive which has been given is responsible for over 90 per cent of this construction. Therefore, it is with great excitement that we look forward to the next 18 months of construction work in Trinidad and Tobago. This is only part of what we are trying to do as a Government to stimulate the economy and to direct it in an area which would provide jobs. We recognize the importance of creating jobs and we have been trying to do that in every way that we can.

The other part I wish to turn my attention to is Part XXXIII which deals with the vexed question of trade liberalization and surcharges et cetera. Senators will recall, since the beginning of 1992 there been tremendous discussions and debate on this whole question of trade liberalization. There was headline news to the effect that 45,000 jobs will go; we expected mass closures of manufacturing concerns; economists were making all sorts of predictions, all towards a negative aspect of trade liberalization.

We held steadfast. We knew what we were doing and where we were going. I am happy to report that because of trade liberalization, today the consumers benefit through a wide range of products. Not only do they have a wider choice, but also the cost of the product has come down. In almost every area we have seen a drop in prices within the last nine months. That is the effect of trade liberalization—no other reason.

I wish to cite some of the items which have had a substantial drop in prices. If you take a 20 pound automatic washer which previously retailed, before trade liberalization, \$3,995, today it is available at \$3,395, a saving of \$600. Taking into account that the Government has also earned revenue from the importation of these products—this item, for example, carries stamp duty, duty and surcharge, totalling about 70 per cent, yet it can be sold \$600 cheaper now than it was sold for before trade liberalization.

A ten cubic foot refrigerator previously sold at \$2,895, now \$2,195. A six-by-six white bathroom tile, last year, at this time retailed at \$1.65; today, \$0.95. Again, who is benefiting? The consumer. Why has there been a substantial drop in prices? The reasons are:

- (1) Removal of the negative list—more people can get into the trade. The trade is no longer restricted to the traditional importers.
- (2) Competition through importation, which our local manufacturers, to some extent, have been able to deal with because we are seeing the prices of our locally produced goods falling.

We have seen better quality products produced by our local manufacturers since they know they have to compete with these imports.

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A 100-foot garden hose of comparable quality previously retailed at \$140, now is \$95. A white toilet set previously retailed at \$695, today you can purchase it for \$395. Not only the imported one, but the locally produced one has also come down in price.

School uniform fabric—I am referring to the regular polyester and cotton, navy blue, royal blue, maroon and white, colours which school children use to go to school, that parents buy almost every term—previously retailed at \$6.95 and \$7.95 a yard—today sells at \$4.95 a yard.

All of these items are also generating revenue when they are imported into the country. Yet we see a drastic fall in prices. Granted some manufacturers will not be able to survive, but then some again will and they will also expand.

A 20-inch remote Sharp television set, I understand, is competing most favourably with the imported television set. So it is not a matter of all our manufacturers not being able to compete. Yes, as I said, there will be dislocation and displacement.

I wish to draw your attention to a letter to the editor in the *Express*, dated Saturday, March 13, 1993, on page 9. It is written by "Rub Low", Arima, and headed: "Poor quality goods":

"As I read a recent article 'Consol to retrench 100 workers', it is sad to see more people going on the breadline because of trade liberalization. The company claims the retrenchment is of competition from imported brands. But imported brands of appliances are not to blame; it's local manufacturers producing poor quality items and expect people who work hard for their money to keep buying them.

Workers should insist that management and they themselves put out a quality product or else workers and managers going home."

So the population is very well aware and very much educated with respect to trade liberalization. And I have total confidence in the majority of our manufacturers to rise to the occasion; not manufacturers who, 27 years ago started their operations, received pioneer status, enjoyed duty free exemption for all their imports, had the negative lists which protected them for that period of 27 years, and now that we have opened the market have buried their heads in the sand and started to either retrench or not take up the challenge of trade liberalization. As I said, I have confidence, and I am happy to report that my confidence is not misplaced.

I wish to bring to the attention of this honourable Senate, figures from 1990 to 1992. I refer to the domestic exports of non-oil, non-chemical products. Our exports in that area in 1990 totalled \$1,000,441,656. In 1991, \$1,000,419,914, a decrease of approximately \$22 million. We exported less in non-oil, non-chemical products in 1991 than we did in 1990. But what happened in 1992, the year when the negative list was no more? In 1992 exports totalled \$1,540,776,473, an increase of \$121,861,479 over our exports in 1991. When I gathered this information, I felt extremely pleased to see that our manufacturers had, in fact, taken up the challenge.

Mr. President, one may ask: In what areas did those increases take place? In the area of manufactured goods, in 1990, we exported \$775,464,000. In 1991, \$773,390,000, a drop of almost \$2 million in manufactured goods between 1991 and 1990. But, again, what happened in 1992? We see an increase: Our exports of manufactured goods in 1992 totalled \$877,377,000, an increase over 1991, by \$103,986,000.

In addition, I saw miscellaneous manufactured articles. Again, we saw an increase in 1992 from 1991 of \$16,820,897. Mr. President, this is quite clear. We are undoubtedly taking this country and the economy on the right track.

Sen. Prof. Spence: I wonder if the hon. Senator would give us an idea of imports, because, as he would know, the real indicator is the balance of payments and not just the exports.

Sen. Rahael: Mr. President, I did not enquire about imports because export is where we want to lead the economy. If we have to import in order to process and increase our exports, then I have no problem. The thing is that when you export more, it means that your manufacturers are producing more, and that should translate itself into more employment. Therefore, I focus on the fact that we were creating more jobs, we were exporting more, we were bringing down the prices of goods. So that in two areas, one, in the construction area, we were creating jobs by giving the incentive to those who had vacant lands to construct their buildings; and in the other area of trade liberalization, not only were we trying to expand the manufacturing sector by getting them to export more, thereby creating more jobs, but also by bringing down the prices of goods and services.

Mr. President, as I said at the beginning, I propose to deal with those two items only, but I should just like to point out that the Government continued to show concern for our citizens and has left a wide range of imported items in the

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category of goods exempt from payment of customs duty to assist in the social area of our country. I would just like to highlight a few of them, such as articles for the blind and disabled, articles including reading materials certified by the Ministry of Education that; together with other educational, scientific and cultural items for the blind, will be admitted free of duty. Also, clothing for the use of indigent school children donated to schools and institutions as approved by the Minister of Education and admitted as such by the Comptroller.

Again, goods exempt from customs duty, goods for the handicapped, mentally or physically handicapped; goods for the health institutions and equipment like ambulances et cetera, have all been exempt from customs duty.

Industrial machinery: Just to make it clear that all new industrial machinery coming into the country is exempt from duty, so there is no five per cent duty on industrial machinery entering the country.

2.50 p.m.

I think Sen. Rooks would be pleased to note that pipes and tanks for use in the oil and gas industry are also exempt from customs duty. Protective clothing and equipment—again to ensure that our employees are well protected—imported by or on behalf of industrial concerns, are exempt from customs duty. Sporting goods and equipment are also exempt from duty. Also exempt are youth and other organizations' uniforms and equipment imported by, and for the use of boy scouts; boys' brigade and girl guides associations and such other youth associations as may be approved by Cabinet. These are just some of the items, Mr. President, that I wish to highlight. Our Government continues to show concern in ensuring that we make goods available, without charging any unnecessary taxes or duties.

Mr. President, just to assure Sen. Prof. Spence that manufactured items are going to remain dutiable throughout the period, we understand that CET is going to be reduced by the end of 1997 to 20 per cent, but agricultural goods are going to remain at 40 per cent. We are, in fact, trying to protect our agricultural sector as far as possible..

Mr. President, I trust that I have been able to throw some light on this whole question of trade liberalization, and also to indicate that we are undoubtedly—from the figures that I have reported—on the right track. I thank you very much.

Sen. Diana Mahabir-Wyatt: Mr. President, I am a bit discouraged today. I am not discouraged about the Finance Bill so much, because I know that it is

intended to bring in taxation revenues and heaven knows we need every cent we can get. I am discouraged because of the structural adjustment programme which continues to take its toll. Businesses are still closing in the private sector; people are still being retrenched and that is discouraging. It is discouraging that so many people are still unemployed, that mothers are having problems just finding enough money to buy school uniforms and books for the children much less send them to school, because the transportation cost of doing so is so high.

I am discouraged because domestic violence, petty theft, community tension and all the other social ills that accompany social adjustment, continue. I know that this is an inevitable result of structural adjustment. The recent OECD study covering seven developing countries has shown that the patterns there as well of rising unemployment, crime, labour unrest, and strikes in failing or bankrupt state enterprises—not that you need to hear—are due to an inevitable process of structural adjustment. I know that this is not just trade liberalization; I take the point entirely. Mr. President, I am very much aware that our very able Minister of Finance, who introduced this Bill, has been telling us for some time now that this process is going to get worse; before it gets better. I am sure he is, as we all are, counting not just the financial cost, but also the social cost, especially the social cost to the poor, weak and disadvantaged, and I am particularly concerned with the social cost to women and to young children.

At times like these, Mr. President, the need for social organizations which can ease social tension and provide social stability in our communities is greater than ever. The specific organization I am thinking of in this regard, which I think has done more throughout the country to help keep the social fabric together, in the light of overwhelming odds, Servol. I am quite sure that in many cases Servol has managed to keep certain communities in this country stable.

We started off this afternoon, Mr. President, with a prayer, and you said something about the duty that we were about to discharge to our beloved country, Trinidad and Tobago, and I am feeling very much in that kind of mode, as though I have a duty to discharge. I love Trinidad and Tobago, and I believe that in this country that not only the people who are represented in this room; not only those who have jobs, money, position, and power, but people by and large, are intelligent, decent and honest. I think they are trying to survive in an increasingly violent and disruptive society and I am worried and discouraged about the whole thing, because in the 1992 Budget, Servol, which as I have said is one

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of those organizations which are keeping a disintegrating community together, had its budget cut. I do not have to go into the subsequent events, I think that these are well known.

In a reply to the debate, in December—the Minister of Finance is not here and Sen. Dr. The Hon. Lenny Saith, for whose very considerable intellect and ability I have the greatest regard said—and I quote from *Hansard*:

"The Government would take whatever steps are necessary to ensure that the work of Servol is continued at the level at which it is now existing."

He went on to say, that—

"The Government has the opportunity in dealing with its budget, to reallocate funds within ministries and steps will be taken to do that."

He went on further to talk about the sensitivity of the Government to this issue.

The money that was cut from Servol's budget, Mr. President, was intended to pay the teachers' miniscule salaries. I pointed out at that time, and I point out again, that cutting back on Servol's allocation, meant retrenchment of teachers, mainly women, most with children. The ruling party in its manifesto, which is a policy document, does talk about the need to focus on the role and contribution of women to our national development and the status of women generally, and I do not think that it can be argued that the women who worked for Servol have enhanced our national development.

I was quite interested in the comments of my friend Sen. Rahael, about the construction industry and that fifteen hundred jobs were going to be created; I just wondered how many of those jobs are going to involve women. The enthusiasm he has, I wish I could share it, because it is in areas where I see the possibility of cuts coming, that are going to affect women, that I get concerned.

I am worried about Servol's staff, and I am worried that those beautiful children that marched around the Red House and brought tears to everybody's eyes, are going to have their hopes for their future threatened.

3.00 p.m.

Mr. President, as of today's date, no money has been forthcoming for Servol. No moneys have been reallocated, so far, for Servol. I know efforts have been made. While the Minister has assured me that some immediate help has been promised to Servol, and I know that he has been trying, attempts are going to be made within a couple of months to get money from multilateral agencies for this. I

cannot help recalling that at a very recent conference dealing with structural adjustments, that mention was made of the social development loans which on occasion are made by multilateral agencies. In particular, reference was made, I believe, to a \$20 million allocation for new social development programmes and at that conference or the one preceding it, the Minister made reference to the Apprenticeship Programme, which was the outcome of a conference on unemployment held by the Government; and that this, in fact, was one of the actual concrete things the Government was going ahead with. I do not think that it has concretely gone ahead with it yet, but the intention was that between 5,000 and 10,000 young people would go through the Apprenticeship Programme.

My concern in relation to scarce funds coming from multilateral agencies is that Servol which is facing cuts and closures, already trains 3,000 apprentices. There is no need, at a time when revenues are so slim and so much in demand, when even what we have before us today representing the Finance Bill is unlikely to bring in, as we all know, the levels of revenue which were originally budgeted or originally hoped for, that scarce multilateral funding be used to re-invent the wheel.

If Servol already has a structure to train apprentices and is doing extremely well at it, I cannot help but wonder why it is necessary to build up a whole new structure to train apprentices, to create expensive public service positions and add these to the establishment, when it could be very easily handled just by extending the existing structure. I am not really asking for a whole new stadium. I am just very concerned about the social developments of our structural readjustment and what is going on in the country at the moment.

Mr. President, if we can get some scarce money from somewhere, whether it is \$20 million or \$30 million, or whatever it is, it seems to me that if Servol can do the job at half the price, we can use the extra money to educate new nurses or teachers. When I looked at that rather bulky document which was circulated to us earlier today, *The Education Task Force Report* and at the appendices at the end in which there was a table talking about the number of students that sat exams and the numbers that passed, I was absolutely appalled! It is frightening! Obviously, our educational system is going to need considerable attention and money.

I brought this up, Mr. President, simply because I was very pleased at our very able Minister of Finance's indication that steps are going to be taken to get funds to assist Servol. I believe him, and I have great faith in his persuasive powers and

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negotiating skills. I would just like to place on record my commendation, in advance, for the effort that he is about to make on behalf of Servol, simply because I think that this will be of considerable consequence when it comes to the social turmoil and disruption which we are inevitably going to face as a result of some of the necessary, but regrettable, provisions that were in the budget for this year.

Thank you, Mr. President.

Mr. President: Sen. Capildeo.

Sen. Capildeo: Mr. President, I was under the impression that Sen. Hosein would be leading off the debate for the Opposition. The Clerk of the Senate had requested a list, Mr. President, and I gave him such a list with Sen. Hosein, then Sen. Roi Kwabene, then myself and the others to come afterwards, so I would defer to Sen. Hosein at this point, Sir.

Mr. President: Is that an indication that you do not want to speak?

Sen. Capildeo: No, Sir. I am prepared to debate this Bill, but in accordance with the custom which has developed, I have submitted a list to the Clerk; Sen. Muntaz Hosein heads the list; and I am suggesting to the Chair, Sir, that he be allowed to speak and then I shall follow.

Mr. President: Sen. Capildeo, I do not like to wave the Standing Orders at people. Standing Order No. 32(1) says, very clearly—and I will read it into the record so that you can be kindly reminded.

Sen. Capildeo: I am aware of Standing Order 32.

Mr. President: Others might not be aware of it, so for their benefit I will read it:

"A Member desiring to speak shall rise in his place and if called upon shall address his observations to the President or Chairman. No Senator shall speak unless called (upon) by the President or Chairman."

I am sure you are not seeking to deny the Chair its rights and its responsibilities. I have said already, do not mistake courtesies and kindness or

meekness for weakness. The fact that courtesies are extended cannot take away the rights from the President to decide who speaks when and who speaks at all. It is left to the judgment of the President to determine what is in the best interest of the Senate and whether, or not, he should call upon a particular Senator to speak in the interest of the proper regulation of the business of the Senate. You know much more about all this than nearly any other Senator present here today. I call upon you to speak.

Sen. Capildeo: May I enquire—

Mr. President: I am not bound by any list. It is a courtesy and the President has the right to call people as he thinks fit.

Sen. Capildeo: Mr. President, I do not seek, at all, in any manner, in any nuance, to challenge the authority of the Chair.

Mr. President: I am sure you do not. I know that.

Sen. Capildeo: I have no business challenging the authority of the Chair, but, Mr. President, I think it was obvious to all in the Senate that Sen. Hosein tried to attract the eye of the President. Am I to understand from the President that he will not be able so to attract, and, therefore, he will not be able to speak?

Mr. President: The President has called upon Sen. Capildeo to speak at this stage. The Chair can give no guarantee at this early stage of the debate as to who will be called next.

Sen. Capildeo: Well, Mr. President, in the circumstances, I will not be able to take part in this debate because I have submitted a list, in accordance with requests of the Clerk of the Senate, of how we are to speak and it was the understanding of the Opposition that Sen. Hosein would lead off and it is still so my understanding. I am quite well aware of the authority of the Chair to choose which Senator will catch the eye. But I must say, Mr. President, I do not at all understand the Chair when the Chair says if it will at all catch the eye of a particular Senator. I enquire, again, Sir, is the Chair going to catch the eye of Senator Hosein?

Mr. President: The Chair has recognized Sen. Suren Capildeo at this stage.

Sen. Capildeo: Mr. President, in the circumstances, I cannot continue in this manner. I cannot take part in this debate, because it is apparent to me that Sen. Hosein will not catch the eye of the Chair.

Mr. President: I do not think you are in a position to make those remarks at this stage.

Sen. Capildeo: Well then do I take it, Mr. President, that you will catch the eye of Sen. Hosein?

Mr. President: I am giving no one any commitment. You know more about this than anybody else in this Senate.

Sen. Capildeo: Well, in that case, Sir, neither I nor my colleagues can take further part in this debate. *[Interruption]*

Hon. Senator: Nice way to muzzle the Opposition.

Mr. President: Mind you dig the hole deeper and wider!

[Opposition Senators withdraw from the Chamber]

3.10 p.m.

The Minister of Trade, Industry and Tourism (Sen. The Hon. Brian Kuei Tung): Mr. President, I join my colleagues in support of this Bill, and in so doing, I hope to be able to give some indication as to how this Bill fits in with the initiatives that my ministry will be taking to address the problems of our economy. I think there is no doubt that the People's National Movement Government has demonstrated its commitment in a very positive and forthright manner to the task of addressing these problems in our economy and which would, over the medium-term, witness the movement from stabilization to self-sustained growth and development.

This onerous challenge is being addressed by the implementation of an appropriate regime of macro-economic and sectoral policies and programmes which were outlined in a document which the hon. Minister of Finance laid, called a *Medium-Term Policy Framework* for the years 1993-1995. Obviously, trade reform, investment promotion, and consequently, enhanced export competitiveness must be major pillars of this policy framework.

For us to fully appreciate these initiatives, particularly as they relate to trade and investment, they should be viewed, not only in the context of an international scenario, but also from the historical perspective with respect to the efforts that this country has taken over the years to industrialize and diversify the economy.

The international economic environment, particularly as it affects a small, open-island economy such as Trinidad and Tobago's, could best be described as

being hostile and fraught with many problems and obstacles. Developing countries like ours began to experience, since in the 1980s, a decline in output and a deterioration in terms of trade for their traditional export commodities. This situation was exacerbated by the onset of our own debt crisis, which witnessed a net flow of resources from developing countries like ours. By the end of the 1980s, industrial countries had already entered into a prolonged recession from which they are still seeking to recover.

When viewed from that kind of historical perspective, you would understand that domestic policy initiatives to the industrialized economy of Trinidad and Tobago were introduced as far back as the 1950s and 1960s. You would recall my saying on many occasions that policy was one of import-substitution.

This protectionist regime which was administered via a negative list was inherently flawed, since it bred an inefficient, uncompetitive and inward-looking productive system. As recently as the 1980s, a renewed effort was made to diversify and strengthen the non-oil manufacturing sector with a focus on exports. But this effort itself soon floundered since it did not address any significant change in the protectionist policy environment which characterized the era of import-substitution industrialization of the 1950s and 1960s.

Mr. President, you will understand that the PNM manifesto addressed this very point when it states, on page 7:

"The major economic imperative for Trinidad and Tobago is the development and implementation of a plan of action to stimulate economic growth, leading to a transformed, more resilient and less oil dependent economy capable of generating sustainable and productive jobs for our people."

That is clearly enunciated in our manifesto. What we have embarked upon to pursue that particular section of our manifesto is a trade reform programme. It is this departure from the protectionist regime of the 1950s and 1960s which underpins the current industrialization policy, a major element of which is our trade reform programme.

The two main objectives of our trade reform programme are, firstly, to enhance Trinidad and Tobago's attractiveness, both to domestic and foreign investors, and, secondly, to increase our own export competitiveness. These objectives foster the expansion and development of export-oriented production,

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with the potential to enhance the country's foreign exchange earning capacity, as well as to increase its employment capability.

As a major plank of our trade reform programme, we addressed the dismantling of the negative list, which effectively allowed for the unrestricted importation into Trinidad and Tobago, of a wide range of competing non-oil manufactured products. By June of last year, the phased process of dismantling became complete. As a result of that dismantling, one of the obvious consequences that one could have expected would have been an increase in foreign exchange demand to meet payment for increased imports. However, such demand was limited by the relatively stable level of purchasing power as well as the initial competitiveness of our own locally manufactured products.

I remember Sen. Spence asking about the actual balance of trade that is between import and exports, when Sen. Rahael was on his feet contributing to this debate. I am happy to report to this Senate that a review of the last six months of 1992, when compared with the last six months of 1991, suggests that there was a marginal—no more than 5 or 10 per cent—increase in the demand for foreign exchange as a result of the removal of the negative list.

This review has not been quite complete; it was looked at in terms of the actual dollar figures, month by month, and we were able to track the actual figure, or dollar value of foreign exchange demands from the ministry—

Sen. Prof. Spence: Mr. President, I rise on a point of order. I had not realized that this was going to be a general debate. I really, till now, cannot see the relevance of the general debate to the Bill under discussion. If we are going to have a general debate, then I think we all would have prepared for it.

Mr. President: Perhaps the hon. Minister would refer the Senator to the section of the Finance Bill he is dealing with, to put things in perspective.

Sen. Kuei Tung: Mr. President, I was merely giving some background to show how the Finance Bill jived—pardon the use of such a word—with the trade policies, because it is difficult for anyone to understand how financial policy strays and can be considered in general context. And I really was going to give some idea as to what is happening with the trade policies in the context of this Bill. If it is perceived as a general debate, then maybe I could just pursue some of the points that were raised in the context of the debate with respect to taxation, for argument's sake, which Sen. Rooks had raised. I was trying to put it in the context

of how finance and economic policy must interchange in order to be able to move forward. I do not see how we could divorce one from the other. That is why I was beginning to develop the review of how these policies impacted with respect to the balance of trade. It was out of his interest in the balance of trade matters that I was beginning to elaborate on it. It is obviously a point that he did not really have a great interest in. It is difficult for me not to respond to him, and I would merely state that—

3.20 p.m.

Sen. Prof. Spence: Mr. President, I asked a question on a point that surely was not intended to be part of the general debate on economic policy. If we are going to debate the Government's economic policy, which I think is very important, I think we should be given notice of that, so that we may in fact join the debate.

Mr. President: I think the Minister showed the connection to the particular section of the Bill to which he is building up his background.

Sen. Kuei Tung: I was hoping to be able to relate how this Finance Bill in particular was fitting into reductions in import surcharges and duties, but it appears as if, generally speaking, it is considered to be in the sense of a general debate.

I am merely seeking to give support to the Finance Bill by stating that the Government, being able to develop a medium-term approach, this Finance Bill was merely one plank which fitted into the whole scheme of things. In essence, the actual Finance Bill is intended to facilitate a whole range of other things. It was within that context that I was able to start addressing some of the matters that were raised by hon. Senators.

The demand for foreign exchange as was expected as a result of the removal of the negative list just was not there. We all expected that consequent upon removing the negative list, there would be a greater demand for imported items. Firstly, locally manufactured goods stood up to the competition, in my view, relatively well. Secondly, the demand was somewhat suppressed because of the liquidity situation. I am hoping to be able to illustrate how these trade policies interact, continuously, with finance policies.

Mr. President, I would have hoped to be able to join the debate at a time when other Senators, who seem to be unavoidably absent, would have made their

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contribution. Therefore, it has left me somewhat stymied in my presentation. I therefore ask this hon. Senate to support this Bill.

Thank you, Mr. President.

Sen. Deodath Ojah-Maharaj: Mr. President, I hoped to preface my contribution by extending my congratulations to Sen. Capildeo for leading the Opposition today, but I have been advised to, probably, send him a letter.

It is a great pity that they are not here to join us in such an important debate, intended to formalize provisions of the budget—so well-presented by the Minister of Finance.

Mr. President, on assuming office, we recognized that we have got to get on with the business of the country and, on the basis of that, with appropriations made in the budget, our ministries have been working assiduously to make sure that we get the economy going.

In the Ministry of Housing and Settlement, for instance, at this point, a number of sites are being developed for the construction of housing throughout the length and breadth of the country, and we are hoping that, too, will stimulate the construction industry. The land will be made available to individuals at a reduced price of about \$15,000 per lot. They will be issued their deeds and then they will be entitled to a loan from a private institution of \$70,000 to build their homes.

In our manifesto, at page 10, we stated very clearly that:

"The PNM respects the norms of modern industrial democracy and understands the critical role that workers and their representatives must play in realizing higher levels of productivity in all areas of economic activity. This is of critical importance where activity is geared to the export market..."

Sen. Mahabir-Wyatt: Mr. President, if I heard the Minister correctly, he said that people would become entitled to mortgage loans of \$70,000 from a private institution. Could he indicate what would entitle someone to getting a loan from a private institution in these circumstances?

Sen. Ojah-Maharaj: Mr. President, I believe "entitled" may have been the wrong word; probably "qualify" them; and they would have land security for a loan from the TTMF.

I was dealing with the whole question of industrial relations as stated in the manifesto. I continue:

"since quality and price competitiveness are essential elements for success.

Moreover, to attract and retain investors there must be a stable industrial relations climate. To this end, the PNM will take the following steps:

- keep workers and their representatives informed of our objectives and the role that they play in the industrialization process
- engage in meaningful dialogue with the Trade Union Movement as an essential instrument in the process of national development"

Senators are aware that a ministerial committee under the chairmanship of the Minister of Public Administration was set up and has been meeting regularly with the members of NATUC to keep them informed of Government's policies and the financial predicament that the Government has found itself in, so as to ensure that the industrial relations climate remains stable and the trade union movement is kept informed of what is happening with respect to the ability of the Government to meet its commitment to employees in the public sector.

On the whole question of accountability, in the *Trinidad Guardian* of Saturday March 13, 1993, in the *Magnum* issue of the PNM, the political leader stated quite clearly, in an article entitled "Accountability must be more than a word but a fact of everyday life", that:

"The PNM's seriousness on the question of accountability was demonstrated almost immediately in 1992. On assuming office we, in giving effect to our manifesto pledge, announced plans to establish management audits, and Management Audit Units were immediately established within the Ministry of Local Government to audit local government bodies. These audits provide analysis much wider than regular financial audits. They examine how every aspect of a firm is managed and whether they are achieving their objectives; they provide more information and therefore a greater degree of accountability and I believe the time has come for such units to be applied to all government agencies."

The political leader was referring to a meeting he had recently with members of the Integrity Commission and executive members of the chartered accounting firms to ensure that a proper accounting system was put in place, *moreso*, in the state enterprises.

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He stated further:

"We also insisted that State Enterprises publish accounts of the first six months of the their financial year within three months of that period and empowered them to appoint any firm of private accountants as their auditors. In the past the Auditor General audited the accounts but staff shortages and the volume of work invariably led to delays in the publication of audited statements."

Today, we observed that we received the 1981 audited statement of the Tobago House of Assembly, after such a long time. Government has put in place a system whereby the state enterprises can go outside and engage the services of private accounting firms to make sure that these audited statements are made available sooner than they have been made available to the Parliament, and to the general public. This is in keeping with the provision of the Finance Bill. That particular statement by the political leader in the newspaper is intended to make sure that there is good accountability in the whole system of Government operations.

We also intend to get as many social programmes in place as possible and to keep them going—programmes such as the School Feeding Programme—and to put in place an apprenticeship scheme. Members might have received copies of the task force report on education. The Ministry of Education through the National Training Board, is gearing at present to put in place very soon an apprenticeship scheme to provide short and long term training to the youth population of the country. We are hoping also, with the apprenticeship scheme, to make sure that—I would like to mention that the apprenticeship programme has been in operation in this country for a number of years; for more than 20 years in the oil industry. T&TEC has its own programme of apprenticeship—Caroni Limited at one time had a programme

We are hoping, therefore, to formalize what has been happening and to share in the experience of those institutions by putting in place later on this year, an apprenticeship scheme to be administered by the Ministry of Education.

While trying to make sure that there are social programmes to buffer the hardships which members of the public are suffering; we intend to put in place more benefits to the aged, handicapped and the disabled in the country. The Ministry of Social Services is looking at a number of programmes to ensure that

the country can benefit from these programmes that will be implemented by the Government. I thank you, Mr. President.

Sen. Michael Mansoor: Mr. President, I think it is true to say that most of the policy issues which arise in this piece of legislation would have been debated at length on a previous occasion and it is, therefore, perhaps, superfluous to engage in a debate about the philosophical issues, if such there be, that underpin the tax measures that have been proposed and are contained in this Bill.

With that as a limitation or as a constraint, I wish to bring a few matters to the attention of the Minister of Finance and seek his clarification on them, because I believe that in the administration of certain of these measures, there will be difficulty for the taxpayer.

I would wish first of all to talk about section 23 of the Bill which deals with the business levy. The first issue I wish to raise, and it is certainly an issue which has been raised before, is exactly what is meant by gross sales or receipts? This technical matter, if you will, will present problems because sales or receipts can be interpreted with a fair amount of latitude in various types of businesses. First of all, I would like to find out: Does the taxpayer have the option to use sales or receipts? I take receipts to be cash receipts, and that in itself is an issue. If it is that it is receipts, 1/4 of 1 per cent would be dependent upon the cash flow or the cash receipts of the organization as opposed to the sales. If that is an option being given, I wonder whether the Minister of Finance has considered the administrative difficulties that would arise if the taxpayer is in fact, given the option to elect sales or receipts.

There is also the issue of sales and receipts at all times. Let me perhaps raise one issue. Let us take, for example, an insurance broker, who may receive millions of dollars of insurance premiums on behalf of an insurer. Is the 1/4 per cent going to be based on his gross receipts and, is he supposed to pay 1/4 per cent of all his premiums received which may be many times greater than his actual income? I had hoped we would have had some sort of detailed explanation as to how this statistic gross sales would be determined. I think the real problems would arise in future when people have to make these payments.

I raise another issue. It appears that the legislation is suggesting that this tax on sales or receipts be paid on March 31. I ask the question: Will our businesses be so well organized that they can count or take into account the last sale on March 31 and pay the amount of tax on March 31, or is it that they will be allowed

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to pay the tax ten days later? So that, apart from the disquieting issues that arise from this type of tax, I think there are certain administrative difficulties which I would ask the Minister to address.

The other comment that one would have on this business levy is that it really is a very difficult tax to administer, given the amount of revenue that will be received when one takes into account the undoubted fact that many people will get the entire amount of the business levy credited to them on their corporation tax returns. The argument that was raised is that this business levy will give the Government a better handle on the listing of all taxpayers. One would have thought that, that facility would have been given by the administration of the VAT legislation.

While one would not want to object or to vote against the introduction of this business levy, it is with an abundance of questions and perhaps misgivings, that one does this. I really believe at the end of the day the expected net returns from this particular measure not be received or, if received, will at a very high cost. I ask for clarification about the specifics of implementation and I raise the question again about the wisdom of this measure, having regard to many of the other types of taxes that we have.

3.40 p.m.

The other issue which arose has to do with trade liberalization and I would not wish to incur the wrath of Sen. Spence by getting involved in macro-economic dissertations.

What this Bill does if not specifically, certainly in a general way, is institutionalize the regime of five per cent duty on raw materials. Regardless of what is said in terms of general approach or economic policy, the fact remains that the imposition of five per cent duty on raw materials is just that; it is an imposition. It does two things to the local manufacturer. It makes the cost of his goods that will be sold on the local market more expensive, and it is doing that at a time when the tariff regime is allowing the goods coming into Trinidad and Tobago to do so at progressively lower rates of tariff. The local manufacturer is in a bind. He is faced with an extra five per cent on his production for local consumption, and at the same time, he has competition which is coming in at a lower rate of tariff. Whichever way you look at it, it is difficult. That fact needs to be underlined particularly at a time when so many of the other inputs to

manufacture are going up in price. I refer to the cost of fuel and water and many taxes.

While I listened with perhaps a bit of happiness to the fond ruminations of Sen. Rahael, I really wonder whether or not his predictions about what will happen to the local manufacturer will in fact be borne out. I would suggest to him that perhaps it is too early to claim victory on this economic chapter in our history.

The point has to be made: This five per cent is an imposition. What makes it more of an imposition is the rather crude way in which the rebate for exports is given. If one looks at page 30 of the Bill, one sees a formula which says that the rebate will be calculated on the basis of the ratio of export sales to total sales as a percentage of the customs duty paid. That formula on face value looks all right, but certainly in the draft legislation there is no clear indication as to over what period the sales will be calculated. Is it going to be a monthly, quarterly, or annual determination of sales? That is the first issue: How does one define sales?

Then, of course, the other fatal flaw in this formula is to express export sales as a percentage of total sales. This really does not yield the result that necessarily parallels the relationship of the number of export units to the total number of units manufactured. I really wonder exactly how this formula is going to work in real life, and whether or not we are putting into our legislation a formula that will not yield the results that one expects it to yield.

Again, I ask the Minister for clarification. First of all, how are sales defined and what is his answer to the criticism, a very real one, that putting export sales over sales does not give you the relationship that you are looking for? Because it is well known, for example, that export sales go at a much lower price than local sales, so that you are recouping or giving a rebate that is based on a formula that will not be given the correct calculation.

While one would want to concede that perhaps this is a good, rough and ready way of doing things, one must register a certain amount of dissatisfaction with the rather unsatisfactory way that this rebate is being calculated. I ask for explanations and I also ask the question: Could it not have been done in a better way?

The other measures that have to do with the Income Tax Act are all measures that were heralded or prophesied and perhaps put into the Provisional Collection of Taxes Order on a previous occasion. I believe that by and large the legislation appears to be faithful to those earlier indications, so that one has to assume the detailed drafting would add up to what the Minister is trying to achieve. Here

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again, I wish to make the point that some of us received this legislation at a late stage and, therefore, the detailed type of review that one would wish to do could not have been done in the time frame allotted.

A lot has been made of the growth in the construction sector and the fact that we are expected to see a rise in employment. I suppose that is so. I want to compliment Sen. Rahael on his entry into the field of demographics and statistics. I hope he is correct in all his assertions about all of these buildings which will be mushrooming around Port of Spain and elsewhere.

Indeed, when one listens to Sen. Rahael one feels that perhaps he should be the Minister of Finance because whenever I hear the Minister of Finance speaking in broad terms on the economy, I get the impression of a finance manager who is at pains to balance the budget and make two ends meet. When I listen to Sen. Rahael, I am led to believe that we have never exported as much as we did in 1992 and the cost of living is going down.

I just want to point out to Sen. Rahael that the cost of living is not determined in the simplistic way that he attempted to foist upon this Senate. To look at the price of a few appliances and to extrapolate from that, that the cost of living is on the decline is pushing the bounds of reality. I think it is very clear that the reason why some of these commodities have been subject to price reductions is that the duty and surcharges have been reduced. It has nothing to do with an inherent reduction in the cost of living. A whole range of items have been reduced in price because the tariff structure has changed.

I suggest to the administration that we have two Ministers of Finance, one, Minister Mottley when we want to hear the bad news or the real news, and Sen. Rahael when we wish to be relieved of the burdens of reality.

Sen. Rahael: Would the Senator give way? I just want to clarify that point that the five per cent would be a five per cent increase in production, that is the five per cent input into local manufacturing. I recall making the point last time but in fact that is not so. The five per cent would translate itself to approximately two per cent of the direct end cost of the product.

Secondly, on the other point that Sen. Mansoor made, I did not say the cost of living was coming down. What I said is that trade liberalization has had the effect of reduced prices of the imported and locally manufactured goods. Surcharges came into existence last year with the removal of the negative list, so that the

reduction in surcharge is after there has been an application of surcharge that was never previously there.

Sen. Mansoor: That only creates more problems for the real Minister of Finance because it reduces the cash that comes in. The primary cause of the reduction of these commodities has very little to do with the real cost of living for the majority of our citizens. That comes about basically because of the tariff reduction.

With respect to his earlier comment, it may be two per cent of the direct cost but that depends on the nature of the item. There is no gainsaying the fact that there is a five per cent duty on the cost of raw materials. His comments are taken with a grain of salt or perhaps a pound of it.

3.50 p.m.

The only other comment I wish to make has to do with this whole question of tinkering with the legislation. One of the effects of that is at the top of page 24, where we see that the period of tax holiday that was accorded our agricultural businesses and enterprises is being limited to a maximum of ten years, depending on the date of the grant of the original exemption. Mr. President, I really wonder how this policy decision was made. One would have to assume that agriculture, as an industry, is at least as important to the economy and to the people of Trinidad and Tobago as is construction. But at the same time that we are legislating a tax holiday for the people in the construction industry, we are putting severe limitations on the tax holidays that have been given to the people involved in agriculture.

I suppose that the argument could be made that there have been abuses; but this clause effectively takes away the exemption from everyone. One has to ask the question: When we decide to tinker in the way that we do, are we really taking a holistic view of the economy? What makes construction a more desirable activity in 1993 than agriculture? One is at a loss to answer the question when put that way. I appreciate that the Minister has to balance his books; I appreciate that the Minister has to ensure that the legislation is workable. But, has construction suddenly become a more favoured activity than agriculture? If it has not, why change the tax exemption in a year when you are giving exemptions to other industries?

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With those comments I would wish to register my support for the Bill, except for the difficulties that I foresee in the two areas that I mentioned. One is the implementation of the business levy, which I think is really not going to be to the benefit of anyone in the long run. And, secondly, the apparent inequity with respect to the calculation of the rebate for the duty on raw materials on exports.

This Bill is a very long one with many details which some of us may not have had the time to review. One has to realize that what one has done here is to raise a whole variety of taxes which span many areas of our economy. One always has to wonder, whenever one is debating tax-raising measures, whether or not one gives enough importance and attention, not so much to the power to raise revenue, but to the power to spend.

I am convinced that much has gone wrong in our economy, not so much because of the power of Government to raise money—but its power to spend. I just would use one example and it is what is happening these days with the collection of taxes on motor vehicles—the road tax and the checking of vehicles which I believe carry the "T" designation. We have to wonder if that is the most efficient way of collecting that tax. Why do we have to use a calendar year? Why do we have to insist that people all bring their vehicles to get them checked, at the same time of the year, causing all kinds of difficulties? Would it not be easier to use the date of acquisition of the vehicle? Would it not be easier to use a longer period? I raise it not as a criticism, because the Governemnt has much to do and perhaps that is not a priority item, but it has to do with the power to spend. How are we spending the resources that we have from the collection of revenue? Is that the best way of doing things—what we saw happening on Wrightson Road every morning for the last few weeks?

I believe that we should focus much more on how we do things and I dare say that many of these taxes the population is being asked to pay today would not have been necessary had we given the importance that we should have given to the question of how we spend money. I would not wish to join Sen. Deodath Ojah-Maharay in his comments about accountability because this is not the time to do that, but I would just like to make the point that we need to be much more careful in the way we spend money. It is institutions like the institution we have put in place to collect the taxes on motor vehicles that create so much cynicism in the minds of people who must stand there for hours on end waiting to see this rather inefficient collection effort foisted upon them.at this time.

So, Mr. President, with those remarks and with those reservations I support the Bill. I do so only because I do not think we have very much option, for we have supported this legislation to a large extent when we agreed to the budget for 1993.

Mr. President, I thank you.

Sen. Rev. Daniel Teelucksingh: Mr. President, I always have difficulty in supporting legislation which seeks to increase taxation, fees and levies. In the Bill before us, there are repeated headings in the Explanatory Note which indicate the imposition or increase of taxes and fees, and this I have been turned off.

There are, first of all, two areas requiring some explanation. I could not read all of it just like so many of us here today. I believe I got this a few days ago, or shall I say hours. In Part IV, clause 4:

"There shall be paid to the Commissioner of Police for information relating to a road traffic accident, a fee of fifty dollars."

The line at the top introducing it says something about inserting this subsection. I have the feeling that the population of Trinidad and Tobago is being introduced to something new. Would the hon. Minister in his winding-up, kindly give me some explanation on this, if possible?

Another one in which I have some interest is on page 13—Application for the Licence of a Marriage Officer. There are three sets of fees listed here and I am worried about that. On application, the applicant or the church has to pay \$50.00 That is on page 13. When this is granted, \$200.00 and something again about \$100.00

4.00 p.m.

Taxation has always been burdensome on the poor and the lower income groups in our society. We are all aware of the advice which has been given and quoted time and time again: To render to Caesar the things which are Caesar's." "Caesar" epitomizes the state, the Government; and thus far, I think we have been obedient and paid our taxes to Caesar. Admittedly, most of the time, most of us have been paying our dues to him, under duress, under the weight of a document like this one. We continue to pay taxes unwillingly and maybe there are reasons for this.

Many of us have been delinquent in the paying of our taxes because we wonder, for example, why is it that ours must be the worst roads in the whole of

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the West Indies? We ask ourselves why should we go to pay car licences? No wonder people wait so late and when they do go, they rush right through the glass door, not even seeing it. If we had a chance, we would never pay those taxes.

Mr. President, the Finance Bill of 1993 is an indication of Caesar's additional and continuous demand for what is his. But I contend today that I would like to render to Caesar the things which are Caesar's. I would like to do this, but I have a feeling that a Bill like this is a demand from Caesar for more than that which is rightly his. This is my problem. It is not that we do not want to pay taxes. We have been rendering to Caesar the things which are Caesar's, but Caesar is asking for more than what really belongs to him. In fact, as far as the poorer people in this country go, I believe those additional taxes that really do not belong to Caesar come in the form of extortion.

The Finance Bill of 1993, with its increase in fees and taxes, is, I believe, indicative of the bankruptcy and desperation of Caesar and his intention to add to the burden of his subjects with these new and revised taxes.

Mr. President, let me close. I understand there is some excitement outside. Our Government—I remember one time I said "my Government". I am that kind, I would like to say "my Government", the Government of my people and "our Government" must learn to make ends meet. They are there for that. They are the technocrats and the experts and they must learn to make ends meet. Increased taxation today is immoral, burdensome and it will further separate us, the policymakers, from the masses. This is the negative result of legislation like this. It will do us no good to continue to indiscriminately increase the tax burden on the population.

Mr. President, thank you.

The Minister of Finance (Hon. Wendell Mottley): Mr. President, perhaps I can begin with the last contribution. Most of the items which Sen. Teelucksingh referred to in the early part of the Bill are, in fact, items paid for at the forensic laboratory which have been increased.

As he waded into poor old Caesar, I could not help but look in his direction and say, "*et tu, Brute*"?

Sen. Rooks was particularly concerned about higher taxes and stated that it was old PNM policy to raise taxes continuously. Mr. President, I wish that Sen. Rooks and others understand that, in fact, we are strenuously trying to control

expenditure and that has, in fact, led to a great deal of the present difficulties in the country. We are not hell-bent on a path of increasing taxes; in fact, the very opposite is true.

Last year we cut petroleum taxes by over \$150 million, which is not a one-off cut; it is a continual cut. We expect benefits, but there is always a lag between the granting of the tax concession and the benefit which accrues. It is no different! We have succeeded, in that following those tax cuts, no less than Unocal, Enron, Amoco, Exxon, BHP and soon others will join the list of petroleum companies which have considerably advanced their exploration activities. However, as they carry out that work, which we want them to do, the facts are, that immediately the Exchequer is suffering from the tax loss and we cannot do that right across the board.

We did give a commitment to reduce corporation tax and personal income tax, but we have not found it possible at this time to do so at the same time that we have done the major thing which is required for the economy to turn around, that is, address the petroleum taxation matter. But it is our commitment and we will discharge that at the earliest opportunity.

The business levy which has found so much disfavour with Senators on the other side, is a levy that is part of a new thinking in tax administration. In seeking to broaden the tax base and generally to lower rates, it has been the experience of a number of Latin American countries, and Trinidad and Tobago is no exception, that there are very many companies which avoid the tax net altogether and which consistently manage, year in, year out, to declare no profit at all while considerably expanding their business operations and indeed the personal fortunes of the owners and directors.

The Mexicans, who are the most advanced in this, structured a tax based on assets. We, for a number of administrative reasons, have tried to do the same thing on sales. This tax has gone in to try to catch those many businesses which draw continuously on state resources, year in, year out, but make no contribution by way of taxes.

The glib answer is, yes, you have the VAT net, but, as all of us know, VAT is a pass-on tax that ultimately impacts on the consumer.

Sen. Kwabene railed against the fees. The facts are, again, that we have a programme in all the ministries looking at the fees which Government charges for a variety of services which have not been reviewed for donkey's years. In fact,

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several of the fees charged, have been fees that were previously quoted as 24 cents or in shillings and that gives you an idea, Mr. President, as to how far back some of those fees go. When, in particular, some of them are fees charged in which there is a receipt to be written out, in fact, under the old system, it costs more to collect the fee than the benefit received. So that we are going through all the old legislation, fees chargeable *et cetera*, to try to bring some degree of sanity to some of these fees. In another place, they often like to quote the percentage increase, not stating that a 500 per cent increase could be merely bringing a particular fee up to 50 cents.

Sen. Mahabir-Wyatt raised the matter of the country going through structural adjustment. That is true, to some extent, but in a lot of matters some of the very real pain that we are experiencing is not directly related to any specific structural adjustment programme we are going through. We are no longer in any specific IMF programme. There are some conditionalities attached to some loans, but some of the things we are doing are things which I have heard Senators on the other side promoting. I have heard Sen. Teelucksingh say that we must live within our means. That is good common sense advice. However, in observing that advice, there is sometimes much pain attached to it. We are trying to meet our debts and at the same time constrain ourselves to not spending much more than our revenues yield and, therefore, not borrowing to the extent that we did previously. And that constrained circumstance has led to much pain; it is not necessarily due to any specific structural adjustment programme.

Mr. President, on the whole Servol matter, I was not here at the time of the original debate on the budget, but I was made aware by our Prime Minister of the commitment which had been given. The Prime Minister has been in touch with me several times directly and often through Sen. Saith about what we were going to do to increase the budget allocation to Servol. I have delayed this matter for some time, hoping, for an intervening miracle which has not happened, and allocations to ministries and so forth are in several instances being pared back. But in view of the commitment, we have sought to find some funds for Servol, but, more specifically, we are trying to look at multilateral funding for Servol, funding from other sources, in particular, Europe, that with Government assistance might provide a more secure basis for Servol's programmes in the future. Clearly, we are anticipating a tight two years, 1993 and 1994, and if we can, through our negotiations with multilateral agencies, EEC *et cetera*, assist Servol, then that is the preferred line.

We have, as I say, granted some immediate relief, but in the course of next month, we will be discussing funding. So that there is some hope that this matter can be addressed in a more long-term and satisfactory fashion, recognizing clearly that budgets are going to be under strain for the next two years.

In the Apprenticeship Programme, Mr. President, we are not trying to reinvent the wheel; it is merely that we are trying to revive practices in which some of the best skills were honed in Trinidad and Tobago in the past, under the old Texaco, T&TEC apprenticeship schemes. We have put some of our direct revenue to this programme, but we would also be seeking to supplement it in several ways and especially in putting someone of the administrative calibre of Hubert Alleyne from the Royal Bank in charge of this programme.

It is clear that we have our eye on not having administrative expenses eat up most of the funds in the programme. It is clear, too, that we want to use the private sector as the instrument through which the youths will be delivered capability to prepare them for the world of work thereafter, and the administrative hand may be light, in merely seeking ways in which to pass on the funds which we raise through the Government or elsewhere to support those apprentices in the field, mainly in the private sector.

We contemplate apprentices being at work and training for a minimum of six months for some of the simpler programmes, but for as long as two years for some of the more complex programmes—electronics, computers, instrument technology and so forth. But there will also be simpler programmes, whether in the hotel school for waitressing and so forth.

We do recognize Servol's capability and, in fact, would seek to have them involved in the programme. It is in the Ministry of Education, but we contemplate bringing legislation to Parliament for what would, in fact, be an apprenticeship authority. But it would be lean and mean and merely be a conduit to supervise and to pass funds to the private sector.

Sen. Prof. Spence: Mr. President, I wonder whether the hon. Minister was made aware of the suggestion which I made at the time. I never like to suggest taxation cuts without suggesting where the money comes from. In the budget debate I suggested that the \$12 million which would have been needed for the

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salary increases of parliamentarians, senior public servants and Ministers might have been used for that Servol allocation. In fact, I think it is considerably less than \$12 million. I wonder if the Minister would respond to that.

Hon. W. Mottley: Mr. President, although we as Ministers have had some discretion over our own emoluments, we can in no way speak for the rest of the senior public servants.

In fact, what has happened is that although I think the sums under the purview of the Salaries Review Commission amounted to increases which would have cost the Exchequer about \$5 million, in fact, the amount that the 21 Ministers have forgone is probably less than \$1 million.

Sen. Prof. Spence: Mr. President, are we going to come with a motion to remove those pay increases?

Hon. W. Mottley: No, Mr. President, we cannot do that. We can speak only for ourselves. We cannot presume to speak and enforce our will on permanent secretaries, judges and others who are covered by this matter.

Sen. Prof. Spence: I am sorry to continue, Mr. President, but the will was enforced in the first place because it was the Government which brought a motion to Parliament. The motion, in fact, was not the same as the Salaries Review Commission's recommendation, therefore, it is within the Government's purview to bring a motion which would remove the increases; I cannot see the difficulty.

Hon. W. Mottley: I take issue with that because there is a mechanism in the Salaries Review Commission which seeks—although it has not been entirely successful in separating those whose salaries are being adjudged from those to whom it is actually granted. Now, it has not been an entirely satisfactory mechanism. But, after all, it is the review board of many people, outside those who ultimately have the final decision in the Cabinet. I would view with some unease, seeking to bring a motion in this Senate that might be viewed as politically determining the salary structures of people who are, in fact, not in politics.

If I could move on, Mr. President. Sen. Mansoor raised certain specific problems. In particular he wanted to know whether it was gross sales or receipts which were being used. My information is that on the present income tax form it has nothing to do with the Unemployment Levy. On the first line there is a requirement to submit just that—gross sales or receipts—and it is a concept which

seems to have been understood by the business community and they have been completing that form and filling in that detail for quite some time. I am not an accountant, but that is the information I have been provided with.

Furthermore, as to whether the tax is payable on March 31 for the period right up to that particular day, section 79 of the Income Tax Act allows for payment of taxes based on the previous years, unless there is some assumption that it is grossly different from the previous years. So that there are mechanisms, Mr. President, by which the accountants can sort out some of these problems.

Finally, there is the point about inefficiencies in the collection of taxes. This is true. There are inefficiencies, especially this year, going about tightening our whole business of tax administration. We are involved in a very heavy programme of Customs reform. In fact, in the other place, tabled at this time is a Bill, one of several, on customs reform. We have been increasing the number of auditors in the VAT administration and we are well aware in the wider matter of public service reform as to how far they have gone, for instance, in places like New Zealand, in the whole organization of the Inland Revenue Division operating almost as an independent board, operating on budgets, targets, complete autonomy on how they hire and fire et cetera.

The Minister responsible for Public Administration, Minister Draper, aware of many of these developments. We have only just started along the road of serious public administration reform. Last year was especially a year of sensitizing to the process. This year begins more serious implementation, but we are a long way, I confess, from the ultimate goal which have been achieved by some countries.

We take heart though, that in countries like Mexico, which had absolutely the worst forms of tax administration and collection, even five, 10 years ago, have been able to progress significantly and quickly, and we march along the same road.

With respect to collection of taxes on road vehicles, we are aware of that, and we are even contemplating having some licensed garages do some inspections outside our own narrow facilities. We are looking at the question of anniversary dates for licensing vehicles but, as I say, we have just started along this line. In fact, when we debated the 1993 Budget, a major commitment there was the matter of improved tax administration and collection.

Mr. President, with these few words, I think I have answered most of the questions raised by hon. Senators on the other side. Therefore, I beg to move.

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Question put and agreed to.

Bill accordingly read a second time.

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

Question put and agreed to.

Question put and agreed to, That the Bill be read the third time.

Bill accordingly read the third time and passed.

Motion made, That the Senate do now adjourn to Tuesday, March 23, 1993 at 1.30 p.m. [Hon. L. Saith]

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 4.26 p.m.