

Leave of Absence

Thursday, December 9, 1993

SENATE

Thursday, December 9, 1993

The Senate met at 1.30 p.m.

PRAYERS

[MR. VICE-PRESIDENT *in the Chair*]

LEAVE OF ABSENCE

Mr. Vice-President: Hon. Senators, I have granted leave to Sen. Salisha Baksh to be absent from today's sitting.

LATE ARRIVAL

Mr. Vice-President: Sen. Wade Mark has advised that he would be arriving a little late.

CHRISTMAS GREETINGS

Mr. Vice-President: I have received a letter from the office of the President of the Republic of Trinidad and Tobago which I shall read to you. It is addressed to the hon. President of the Senate.

"My Dear Sir,

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

Yours sincerely,

(Sgd.) Noor M. Hassanali
President of the Republic of Trinidad
and Tobago."

**APPROPRIATION BILL
(BUDGET)**

Bill to provide for the service of Trinidad and Tobago for the year ending December 31, 1994. [*The Minister of Local Government and Minister in the Ministry of Finance*]; read the first time.

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

Question put and agreed to.

PAPERS LAID

1. Fifteenth Annual Report of the Ombudsman for the period January 1, 1992 to December 31, 1992. [*The Minister of Planning and Development (Hon. L. Saith)*]
2. Report of the Auditor General on the accounts of the Victoria County Council for the year ended December 31, 1985. [*Hon. L. Saith*]
3. Report of the Auditor General on the Accounts of the Victoria County Council for the year ended December 31, 1986. [*Hon. L. Saith*]
4. National Insurance System of Trinidad and Tobago—Report of the Fourth Actuarial Review. [*Hon. L. Saith*]

ORAL ANSWERS TO QUESTIONS

The following questions stood on the Order Paper:

**Faculty of Agriculture
(Handing over of Land)**

8. Would the hon. Minister of Planning and Development state when will the land that has been promised to the Faculty of Agriculture, University of the West Indies to replace the Faculty Field Station land acquired for the building of the Mount Hope Medical Complex be handed over to the University? [*Sen. Prof. John Spence*]

Foreign/Local Consultants

11. (a) Could the hon. Minister of Finance tell the Senate how many foreign and local consultants are employed in each government department, ministry, or agency sponsored either by the state or any state enterprises?
- (b) Could the Minister state the specific areas/projects that those consultants, both local and foreign, are advising the Government on, and the exact duration of each of these contracts?
- (c) Could the Minister also state the cost of the services of the consultants? [*Sen. Wade Mark*]

Adam Smith Institute

12. Could the hon. Minister of Finance state:
 - (a) Whether the Adam Smith Institute of England has been employed in a consultancy capacity to advise on the privatization of state enterprises and public utilities?

- (b) If the answer to (a) is in the affirmative, could the Minister further state the cost of this consultancy service? [*Sen. W. Mark*]

Ministerial Overseas Trips

- 13.** Could the hon. Prime Minister provide the Senate with the following information:
- (a) The number of official overseas trips each Minister of Government, including the Prime Minister, has experienced since December 16, 1991?
- (b) The exact nature and duration of each Minister's visit abroad and the cost of each trip to the taxpayers including airfares, allowances and hotel accommodation? [*Sen. W. Mark*]

AIDS

(Prevention and Statistics)

- 32.** Could the hon. Minister of Health indicate to this Senate:
- (a) What steps are being instituted to curb the spread of the AIDS epidemic in Trinidad and Tobago?
- (b) The estimated number of citizens who may be infected with the HIV virus? [*Sen. Carol Merritt*]

HIV Victims

(Special Hospital/Clinic)

- 33.** Could the hon. Minister of Health state whether it is the intention of the Government to establish a special hospital or clinic for the care and treatment of HIV victims? [*Sen. C. Merritt*]

AIDS Awareness

- 34.** Could the hon. Minister of Health state whether the Government intends to make AIDS a notifiable disease? [*Sen. C. Merritt*]

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. Vice-President, I seek the leave of the Senate to defer all questions to Ministers until the next sitting of Senate after the completion of the debate on the Appropriation Bill.

Questions, by leave, deferred.

ORDER OF BUSINESS

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. Vice-President, I beg to move that the Senate proceed at this stage to deal with the item "Bills Second Reading" instead of "Motions".

Leave granted.

**APPROPRIATION BILL
(BUDGET)**

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

That a Bill to provide for the service of Trinidad and Tobago for the year ending December 31, 1994 be now read a second time.

This is a money Bill, Mr. Vice-President, and was approved in the other House on Tuesday, December 7, 1993. This Bill provides for expenditure of \$10,150,247,578 under the various Heads as indicated in the Schedule to the Bill.

In addition, the estimate of direct charges on the Consolidated Fund for 1994 in accordance with the Constitution of our republic and other laws and provided for in the Appropriation Bill, amounts to \$407,667,290. The total draft estimates of expenditure for the year 1994 is, therefore, \$10,150,247,578.

The theme of the 1994 Budget presentation is "Our shared vision, an invitation to participate". This is an invitation for each and every citizen of this country to participate in the realization of the vision of Trinidad and Tobago as the Caribbean's global city. This vision has been crafted after an extensive evaluation of our particular circumstances, as well as from our collective wisdom and experience over the past 35 years.

It is widely acknowledged that these are not particularly favourable times for small vulnerable developing countries such as Trinidad and Tobago. The end of the Cold War has reduced the limited degrees of freedom previously afforded, for super-power rivalry. The new political dispensation and the pace of technological innovation are now determining the shape and structure of the world economy.

In the wake of the Cold War, the dominant themes have been the move to globalization of markets and unprecedented cross-border capital flows. It is said that the drive towards the regionalization of markets is only an intermediate step in the movement to the globalized market place.

1.40 p.m.

In these circumstances of an ever changing and dynamic world economy, Trinidad and Tobago must retool to take advantage of the opportunities which are undoubtedly available to it and to minimize the threats which lurk among the indolent and the complacent. To this end, Trinidad and Tobago must continue its drive to become the most efficient business, financial and manufacturing centre in the Caribbean. To achieve this vision, we must consolidate the competitive position of our nation. I say "consolidate" because I believe that much of what is required to transform Trinidad and Tobago into the global business centre of the Caribbean is substantially in place, and it is now necessary that we fine-tune the existing platform and market Trinidad and Tobago as the ideal business destination.

Some of our advantages include:

- a geographical locale that allows for easy access and linkage to western markets;
- a sophisticated and developed infrastructure, including international communication services;
- a rapidly expanding services sector providing business, professional, technical and even medical services.

If we are to achieve this vision, the principal task of Government is to develop, nurture and promote the necessary consensus on the direction of the economy among the social partners. It is a task of many dimensions, but there must be a clear appreciation and understanding of the respective roles of these groups.

This Government is prepared to provide direction and support, where necessary, and generally play a facilitative role in creating an environment where the climate is conducive to investment and job creation. Yet, this Government is also acutely aware of its responsibility to provide the necessary social and economic infrastructure. Moreover, as circumstances warrant, this Government will participate in directly productive activity.

However, ultimately, it is the private sector that must undertake the investment required to improve the nation's competitive position and be in the vanguard of the battle to win international markets, thereby offering our citizens sustainable employment opportunities. Accordingly, our local private sector must abandon quickly any remnant of the complacent attitude which was nurtured in

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the protective environment and which has been the norm thus far. Of equal importance, the labour movement must recognize the roles to be played by the social partners in these changing circumstances.

This Government has a clear vision of its own role in promoting the international competitiveness of the economy. Government has established its own macroeconomic framework as the cornerstone of a strong economy, in which both local and international private sector investors may feel confident to invest. A resolute fiscal stance, the proactive management of the monetary and fiscal system, and the liberalization of the exchange rate system, are key elements in our efforts to deliver a sustained resumption of growth and a reduction in the numbers of the unemployed.

Now that the required macroeconomic framework has been established, Government has shifted its attention to the establishment of complementary microeconomic reforms to enhance the efficiency and productivity of the economy. Accordingly, Government is pursuing the creation of an appropriate competitive and regulatory environment for the conduct of business activity.

During 1993, the financial system was the focus of much of this effort. The new Companies Act has already been introduced in the other place, and early next year the parliamentary agenda will include bills which will address the further reform of the financial sector, which will provide for enhanced supervision of the domestic capital market and facilitate increased investment loans. To this same end, the Foreign Investment Act will be revised, while amendments to the Central Bank Act will provide the Bank with enhanced supervisory and regulatory powers commensurate with the requirements of a modern international, financial and business centre.

A necessary condition in achieving the goal of the business and financial centre is the establishment of an appropriate legislative framework which provides clear rules for participation by both local and foreign players. In this environment the rules will ensure that all players will discharge their responsibilities in a manner consistent with the highest standards of probity and technical skill. Financial stability is critical to our evolution into the financial centre of the Caribbean and Government will take all necessary steps to ensure that such stability is maintained.

In the process of liberalization, however, it is clear that many of our financial institutions, banks, insurance companies, credit unions, may find it difficult, if not

impossible, to make effectively the transition to the new and dynamic environment. To this end, the legislative changes are designed to strengthen the hands of the regulatory authorities, and where possible, to obviate the dislocations which are the dysfunctional consequences of the far-reaching changes on which we have embarked.

In respect of the public utilities, Government has taken initiatives to formulate a comprehensive competition policy which will set the framework for ensuring the optimal mix of competition and regulation in targeted sectors of the economy. In this regard, during the course of 1994, Parliament will be invited to enact appropriate amendments to the legislation governing the Public Utilities Commission.

The recent visits by the hon. Prime Minister and other Members of Cabinet to the United States, the United Kingdom, Germany, France, Japan and North America, which are part of Government's initiative to prepare the country for international competitiveness, have opened up a number of opportunities for achieving the required development of infrastructural elements, such as transportation, telecommunications and electric power. Government is seeking to increase the level of private sector participation in the modernization of these areas, thereby ensuring that the required resources are available at competitive prices and the efficiencies attendant on private sector involvement are reaped.

Government, in partnership with the private sector, is working towards a revival of the fortunes of the port in the capital city as the major trans-shipment terminal in the Caribbean area. The port must become the most important entry port for cargo from South America destined for European, North American and, through the Panama Canal, Asian markets. The possibilities for the development of the major warehousing industry, where wholesale cargo from these major markets will be repackaged for sale in smaller amounts to regional markets are obvious. The port shall, once again, take its place as the growth pole for its host city.

In a similar vein, the country is very familiar with the eagerly anticipated January, 1994 commencement of the Pride Project at Piarco International Airport. In the short-term the construction phase will provide needed relief to the unemployed. In the medium-to-long term it will be yet another building block in our efforts to make Trinidad and Tobago the gateway to the Americas.

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Our promotional efforts have had positive responses from the international, financial and investing communities. I should like some of these:

Negotiations with the Ferostaal/Helm group are far advanced and construction work is expected to begin in January, 1994 for a third worldscale methanol facility at Point Lisas.

An investment decision by the co-sponsors of the US \$1 billion LNG project is expected to be taken in 1994.

Considerable interest in the exploration of oil and gas is now being screened.

The regional airline, with the likely participation of British Airways, will take place in 1994.

A French investor in the hotel business is due to visit Tobago in early January, 1994.

1.50 p.m.

A work-based training apprenticeship scheme with technical assistance from a German group is currently being designed. This is expected to increase the number of young people with technical and craft skills—a deficiency well known by business and trade unions. The execution of two investment promotion and protection agreements with the Governments of France and the United Kingdom establishes the broad parameters within which investment flows can improve. The strategy which we have been articulating and resolutely implementing in early 1992 has begun, already, to yield considerable success.

In November, 1992, after an absence of five years, Trinidad and Tobago has successfully returned to the international capital market, raising US \$100 million. Since then, these bonds have certainly moved up in price. Additionally, in October 1993, Trinidad and Tobago raised a further US \$125 million through a Eurobond issue, which was heavily over-subscribed. Further evidence of the international community's acceptance of Trinidad and Tobago's story is provided by the fact that the 1992 bonds were awarded a first-time rating of BA2 in February 1993 by Moody's Investors Services—one of the two leading international rating agencies—a rating which places us on par with Mexico in this hemisphere.

Sound economic policy, a clear strategic vision and an enlightened relationship among the social partners are necessary, but not sufficient, conditions for the achievement of our objective of a prosperous and brighter tomorrow. The

effort to modernize Trinidad and Tobago necessarily involves the dismantling and refurbishment of old institutions and the establishment of new structures appropriate to the demands of the 21st century.

Even as our current initiatives take root, and begin to bear fruit, regrettably, a certain level of social dislocation is inescapable. It is the responsibility of any caring government to manage this transition with sensitivity and empathy. Moreover, the hallmark of any civilized society is its willingness to assist the poor, disadvantaged, and unemployed who are, invariably, less well-equipped to bear the transitional cost of adjustment. In this regard, Government would not shirk its responsibility to provide for the nation by designing and implementing a broadly-based, well-targeted and effective social safety net.

Our human resource is indeed, our most precious asset. Consequently we are allocating and targeting \$1.1 billion to social programmes in 1994. This represents a 48 per cent increase over last year's level and is 14 per cent of the total budgeted expenditure for 1994.

The performance of the non-oil sector of the economy for the past two years provides the best early sign that our efforts at transforming the structure of the economy are succeeding. Real output in the sector is projected to grow by some 0.9 per cent in 1993, compared to a growth of 0.1 per cent in the preceding year, reflecting significant improvements in the output performance of export agriculture, a range of manufactured goods, and the hotel and guest houses sector. More importantly, over the two-year period, growth in the non-oil sector is 1.1 per cent.

At this early stage, the vigorous exploration in the secondary recovery efforts triggered by the new petroleum tax regime has not yet been translated into increased output. Consequently crude output has continued to fall in 1993 and coupled with softening international oil prices, a marginal decline in overall real GDP is forecast for 1993.

Hon. Senators will well appreciate that many of the inroads being made in the non-oil sector are, undoubtedly, linked to progress achieved in the key areas of the financial and trade reform. In April, 1993 the foreign exchange regime was liberalized and this provided the much needed impetus to export manufacturers. Trade reforms continued during the course of the year and in this regard, Trinidad and Tobago implemented the Common External Tariff, initiating steps towards the establishment of a minimum rate of 20 per cent by 1998. Moreover, further

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reductions were instituted in respect of import surcharges and stamp duties, with a view to effecting their complete removal by 1995. Further, a customs duty rebate system is being finalized and is expected to become effective early in 1994.

These measures are anticipated to contribute to the restructuring of our manufacturing base, thereby enabling this country to find a place in the world market that is increasingly characterized by the establishment of strategic trading blocs. Trinidad and Tobago is in the forefront of the Caricom initiative to further the economic integration process and to strengthen trade and investment with the Latin American region.

The latest initiative in this regard has been the recent summit which took place in October between Caricom and the Group 3 countries—Mexico, Venezuela and Colombia, and Suriname. That meeting provided an important platform for launching trade initiatives with Latin America. Trinidad and Tobago has capitalized on this, as evidenced by the recent trade mission of local businessmen to Colombia, and their positive report on the possibilities for trade with that country.

On the hemispheric front, Caricom as a group is actively exploring initiatives for entering NAFTA, while seeking, in the interim, to preserve and enhance our existing benefits under the Caribbean Basin Initiative and Caribcan. Monetary policy continues to focus on stabilizing the country's level of foreign reserves, protecting the balance of payments and improving further the regulatory and legislative framework for the development of a modern, financial and capital market system.

The tight monetary conditions in the first half of 1993 reflected the efforts of the Central Bank in reducing the level of borrowings by the commercial banks. Subsequently, this position was eased, due to an improvement in liquidity resulting from the purchase of US dollars on the domestic market by the Central Bank. The Government continued to make inroads in the key areas of foreign exchange reform.

In April of this year, Government took the decision to replace the fixed exchange rate system with one based on market determination. This change represents the culmination of the liberalization of the exchange rate system which began in 1991. The exchange rate of the TT dollar is now determined by market forces of demand and supply. The value of these changes in the exchange regime is already much in evidence. Our revised forecast for the end of 1993 indicates

that gross official international reserves should increase to US \$282 million—the equivalent of just under three months of import cover; while our net reserves will be positive at US \$121 million—the first positive level since the last quarter of 1990.

I will now outline some of the specific measures which will be pursued in fiscal year, 1994. I will first address the expenditure measures. Recurrent Expenditure in 1994 will amount to \$7,131.2 million, representing an increase of 11.1 per cent over the revised estimates for 1993. Of this amount, \$2,635 million, or 37 per cent, will be spent on meeting Personal Emoluments. Another area of significant expenditure relates to interest payments on our debt.

Hon. Senators will well appreciate that the servicing of our debt cannot be escaped. Failure to meet these commitments will simply jeopardize our creditworthiness on the international financial market. Accordingly, \$1,667.1 million, or 23 per cent of recurrent expenditure, will be directed to meeting the interest payment component of the country's debt service obligations in 1994.

2.00 p.m.

Transfers and subsidies also represent a major item of expenditure. In this area Government proposes to spend \$2,146.3 million or 30.1 per cent of recurrent expenditure. It should be noted that this represents a significant increase over the 1993 level and reflects a bold effort by Government to expand the social safety net as a necessary measure for mitigating the impact of the social disruptions. In other recurrent expenditure, \$682.8 million or 9.6 per cent of the total will be spent on goods and services.

Central to the process of transforming the economy is the modernizing of the existing education system to make it more adaptable to the changing contours of the economic environment. Accordingly, we propose to increase our recurrent spending for education by over \$100 million, to \$921 million in 1994. A significant portion of this will be directed to the maintenance of the physical education facilities and expansion of the School Feeding Programme. There is also a substantial injection of additional funds in the area of health to meet recurrent costs, including drugs and related supplies.

It is expected that total recurrent expenditure would amount to \$535 million. Moreover, a more efficient use of these resources would be facilitated by the measures recently taken which are aimed at health sector reform.

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Government proposes to allocate \$678.1 million to capital expenditure in 1994 in its on-going effort to upgrade the infrastructure base to facilitate the growth process through private sector investment and to enhance the level of social services. This represents an increase of 33.5 per cent over the level in 1993. An additional \$826.4 million is expected to be filtered into capital development projects through drawdowns on the IDB loan for upgrading work on the Pointe-a-Pierre refinery.

I draw Senators' attention to the fact that the share of social infrastructure in the total capital expenditure programme has increased in 1994, reflecting Government's concern with improving the overall standard of social services throughout the country. A significant portion of investment will be allocated to rehabilitation, refurbishment or construction work on several schools.

In respect of the health sector, a major aspect of the health sector programme will focus on rehabilitation works on hospitals, health centres and extended care centres.

The Government understands that the expansion of the housing stock of the country not only serves to fill a gap in the supply of housing, but is also an important generator of employment opportunities. We have accordingly allocated \$57 million on a number of land developments and housing projects, particularly with a view to facilitating low and middle income families. Further stimulation of housing construction activity is expected to result from a number of fiscal measures which will be indicated in this statement.

The cap on interest rates for approved mortgage companies which has played a very important role in making mortgage finance available to first-time home owners in the low and middle income brackets is proving to be a fetter on activity in the housing sector as interest rates have become higher and more flexible. In 1994, this cap on interest rates will be removed and will be replaced by a flexible rate to facilitate increased activity in the approved mortgage company programme. Additionally, in order to enhance the Trinidad and Tobago Mortgage Finance Company's ability to access the domestic capital market and resume lending activities, a tax credit equivalent to 50 per cent of the interest payable on bonds issued to individuals and corporations by the TTMF will be instituted.

Another major category of expenditure relates to spending on local government bodies. In 1994, a total of \$447.9 million comprising capital and recurrent expenditure will be expended in this area. This does not include the sum

of \$240 million which will be allocated to the Tobago House of Assembly, \$26.5 million of which is to be directed towards funding a number of development projects.

I turn now to revenue measures. These measures may be classified into four broad categories.

1. Measures designed to strengthen and protect the revenue base.
2. Measures designed to stimulate economic activity, savings and increase employment opportunities.
3. Measures designed to provide relief to the more disadvantaged in the society.
4. Other measures.

Dealing first with those measures designed to strengthen and protect the revenue base, we propose to impose a transaction tax at the rate of 15 per cent on a number of financial services. This measure is intended to bring financial services within the tax net since they are presently exempted from the payment of Value Added Tax. These services have been outlined in the Provisional Collection of Taxes Order, and there would be certain amendments with respect to this item which will be circulated. It is to be noted that the transaction tax was preferred to the Value Added Tax on these services because of the administrative difficulties associated with identifying and assessing the input of VAT.

Secondly, the Government proposes to introduce a transfer tax on the change of ownership of used vehicles. Senators would know that the sale of used vehicles is a transaction which is subject to Value Added Tax. However, it is only in the sale of used vehicles by Value Added Tax registered dealers, that this tax is collected. Since the majority of transfers of used vehicles take place between individuals and the tax is not collected, we propose to implement a transfer tax on the registration of change of ownership of used motor vehicles where no VAT has been paid.

These rates are the revised rates and I would like to inform the honourable Senate and, by extension, the national community, that to the extent that any citizen has paid an amount higher than these, that individual would be entitled to a refund. The rates are:

Used motorvehicles other than motorcycles over 10 years old—\$100.

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Used motorvehicles other than motorcycles between 7 and 10 years old—\$900.

Used motorvehicles other than motorcycles between 5 and 7 years old inclusive—\$2,000.

Used motorvehicles other than motorcycles between 2 and 5 years old inclusive—\$3,000.

Used motorvehicles other than motorcycles under 2 years old—\$4,000.

Used motorcycles with an engine rating up to 250 c.c.—\$100.

Used motorcycles with an engine rating 251 c.c. and over—\$200.

Used motorcycles over 10 years old—\$100.

Thirdly, in order to ensure that every business enterprise makes its contribution towards the public Treasury, we propose to widen the coverage of the business levy to include self-employed persons and sole traders. Again I should like to inform this honourable House that a threshold is to be included in this legislation of \$120,000 per annum. So that a sole trader or self-employed persons whose gross sales do not exceed \$120,000 would not be included for the purposes of the business levy.

2.10 p.m.

Fourthly, in order to foster increased compliance with the payment of property taxes, the following measures are to be implemented through the Finance Act, 1994:

- (i) Proof of payment of lands and buildings taxes and house rates will be required to be provided to the Board of Inland Revenue before claims are allowed for mortgage interest deductions in the case of individuals; in the case of companies, deductions or allowances for depreciation with respect to industrial buildings, plant and equipment and mortgage interest.
- (ii) The payment of lands and buildings taxes for house rates in a subsequent year of income will not be taken into account in revising any assessment in relation to the deductions that are disallowed because of failure to pay such taxes within the year of income.
- (iii) The penalty rate of interest on late payment of lands and buildings taxes will be 15 per cent per annum. This will be applied to the unpaid taxes,

together with the 10 per cent penalty imposed on such taxes. The interest will apply to all outstanding arrears.

Tax Appeals in relation to Income Tax, Corporation Tax, Petroleum Taxes and Lands and Buildings Taxes:

- (1) The Government proposes to introduce legislation in the 1994 Finance Act to expedite the process of finalizing tax disputes in relation to income tax and lands and buildings taxes. We, therefore, propose to amend the legislation relating to objections and appeals in the 1994 Finance Act to provide that a person who has disputed his assessment by notice of objection and who is dissatisfied with the decision of the Board of Inland Revenue, will not be able to appeal unless any amount required by the assessment has been paid to the Board of Inland Revenue or such security has been given for the payment of that amount as is acceptable to the Board.
- (2) Where the appeal is finally determined by the Tax Appeal Board or any court of superior jurisdiction and the taxpayer is entitled to a refund of tax, the refund shall bear interest at the rate of six per cent per annum from the day after payment was made by the taxpayer for the purpose of instituting the appeal to the date of payment of the refund of the tax by the Board of Inland Revenue.

Similarly, it is proposed to amend the legislation relating to appeals against assessments of lands and buildings taxes to provide that, where any owner of lands or buildings assessed under the Lands and Buildings Taxes Act, Chap 76:04, objects to such assessment, an appeal against such assessment to the District Revenue Officer, may not be made unless any amount required by the assessment to be paid has been paid to the District Revenue Officer or such security has been given for the payment of that amount, as is acceptable to the District Revenue Officer.

Where the appeal is finally determined by the District Revenue Officer, or the Tax Appeal Board or any court of superior jurisdiction and the taxpayer is entitled to a refund of tax, the refund shall bear interest at the rate of six per cent per annum from the day after payment was made by the taxpayer for the purpose of instituting the appeal, to the date of payment of the refund by the District Revenue Officer.

Tax Exemptions on Meal Vouchers:

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In light of the abuse of this measure which was originally designed to assist low income persons, it is proposed that this benefit be limited to employees earning \$36,000 per annum or lower. This measure will require an amendment to the Income Tax Act and will take effect on January 1, 1994.

Tobacco Tax:

It is proposed that the tobacco tax on imported cigarettes be increased from the current level of \$62.50 per thousand cigarettes, to \$105 per thousand cigarettes. The rationale is to equate the tax on imported cigarettes with that of the excise tax on domestically produced cigarettes. This measure is estimated to yield \$0.2 million in revenue and will take effect from January 1, 1994,

In-bond Sales Tax:

In light of the high level of in-bond sales to arriving passengers, it is proposed that an in-bond sales tax of five per cent be imposed on all in-bond sales from January 1, 1994.

Establishment of a Regime of Mutual Funds and the Treatment of Trinidad and Tobago Unit Trust Corporation:

In order to promote Trinidad and Tobago as the financial centre and to further the development of the domestic capital market, it is necessary to open the field to other mutual funds. In addition, the existence of other mutual funds in the market place would provide savers and investors with a wider choice of instruments and should serve also to be more attractive to foreign investors.

We propose, therefore, that the tax credit given to purchasers of units in the second unit scheme of the Unit Trust be discontinued with effect from January 1, 1994, and shall not be applied to any other similar scheme of the Unit Trust or any other mutual fund which may be established.

Secondly, all other benefits of the Unit Trust scheme will remain.

Thirdly, the income of any other mutual fund which would be registered with the proposed Securities and Exchange Commission shall be tax exempt and dividends in the hands of unit holders shall be treated in the same manner as interest on commercial bank deposits, while income or profits of the managers of the mutual funds other than the Unit Trust Corporation, would not be tax exempt.

Government wishes to re-affirm its commitment to a shareholdings democracy and to the widest possible participation of citizens of Trinidad and Tobago in the

capital market. In this regard, it must be emphasized that despite the removal of the tax credit on the second unit scheme of the Unit Trust Corporation, all other benefits of the Unit Trust scheme would remain.

In addition, the Unit Trust Corporation would continue—through its association with the Central Bank, and given the provisions of the Unit Trust Act—to receive the support and encouragement of Government, even as it prepares itself to compete with other mutual funds which may be established. Government is confident that the objectives which were identified when the Unit Trust Corporation was established, have been met, and the management of the Unit Trust Corporation has clearly evolved to a point where it will be more than able to hold its own with other players that may enter the arena.

Motor Vehicle Tax:

In view of the loss in revenue on vehicles resulting from the reduction in stamp duty and import surcharge, it is proposed that the motor vehicle tax regime be restructured. The full details of the motor vehicle tax regime have been published in the Provisional Collection of Taxes Order.

I turn now to those measures designed to stimulate economic activity, savings and increase employment opportunities.

Corporation Tax:

It is proposed that the Corporation Tax Act be amended to include an incremental profits tax for companies falling within the purview of that Act. Chargeable profits exceeding the level of profits in the base year will be taxed at the lower rate of 30 per cent. The base year of a company will be the financial year that ends within the period November 1, 1992 and October 31, 1993. For new corporations, the base year will be the year of incorporation.

Taxes on Interest and Foreign Currency Accounts held in the Domestic Financial Sector:

We propose to amend the Income Tax Act to exempt from tax the income earned in foreign currency accounts held in the domestic financial sector. This measure is expected to encourage residents to deposit savings, which are now held abroad, in the domestic financial system.

2.20 p.m.

Reduction of the import surcharge and stamp duty on bills of entry: From January 1, 1994, stamp duties on all categories of imported goods are to be reduced by 50 per cent. In addition, import surcharge rates on all categories of goods are to be reduced to five, 10 and 15 per cent as specified in the Provisional Collection of Taxes Order. These reductions are in accordance with Government's commitment to reduce tariffs on imports.

Small Business Sector:

Given Government's commitment to the expansion of the small business sector, it is proposed that in 1994 financial institutions which lend money to approved small companies shall receive a tax deduction of 10 per cent of the net increase for the year of income in loans made to small companies. Further, financial institutions shall be exempt from corporation tax on 50 per cent of the interest earned on transactions to approved small companies. In addition, the Government proposes a number of less restrictive amendments to the definition of "approved small" companies.

Manufacturing Sector:

To encourage manufacturers to expand exports, a further provision to that which currently exists will be introduced to allow a deduction of 150 per cent of promotional expenses if the Board of Inland Revenue is satisfied that such expenses were incurred for the creation of new markets for the export of goods produced in Trinidad and Tobago. It is further proposed that this benefit be extended to sole traders with effect from January 1, 1994.

Rebates of customs duty on exports:

We propose to amend the system of rebates of customs duty for exporters of goods as follows:

- (i) To include agriculture and the service sector;
- (ii) To change the method of calculating the rebate to 1.5 per cent of export sales f.o.b.;
- (iii) To enable the percentage rate applicable to export sales to be varied by Order of the President;
- (iv) To provide that exporters who exported goods or services during 1993 will be entitled after January 1, 1994 to claim a rebate in respect of their 1993 exports.

Regulations for the implementation of this scheme will be published before January 1, 1994.

Agricultural Sector:

The agricultural sector, though accounting for only a small percentage of GDP continues to hold considerable potential for overall development. Accordingly, this sector will be provided with the necessary legislative and infrastructure support to ensure that it operates at a competitive level.

Government recognizes that there is the need to protect domestic agricultural products which are unable to compete with similar imports. Support for the domestic dairy industry would thus be maintained and in an effort to ensure that farmers are paid on a timely basis, we propose that a customs duty of five per cent be imposed on imported powdered milk, excluding baby formula, and that the customs duty on imports of frozen and chilled beef be increased from 5 to 15 per cent.

Tourism:

In promotion of the tourism thrust, it is proposed that local investors who participate by way of equity investment in approved hotel and tourism development projects will be allowed to claim 25 per cent of their capital subscription as a tax deductible expense.

Construction:

The measures proposed in the 1993 Budget relating to rental income and capital gains on profits accruing from the construction of properties is extended by an additional year to December 31, 1995.

Import Surcharge on Tyres:

We propose to make an amendment to the pertinent legislation to provide for specifications to sizes of rim to allow local manufacturers the full benefit of protection from competing foreign imports.

Measures designed to provide relief to the disadvantaged in the society—
Pensioners' tax credit:

We propose to grant a pensioners' tax credit of \$600 to persons who have attained the age of 60 years. This is intended to reduce the tax burden of our senior citizens.

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Interest on Immediate Annuity:

We propose to exempt from tax, annuities purchased by persons who have attained the age of 60.

Other measures—Catastrophe Reserve Funds:

In view of the difficulties experienced by the local insurance companies, in securing adequate re-insurance cover, ATTIC has requested that consideration be given to the establishment of Catastrophe Reserve Funds by insurance companies to satisfy losses relating to natural catastrophe on a tax favoured basis. The Government agreed with this view. Accordingly, insurance companies will be allowed a tax deduction in respect of transfers to these funds of not more than 20 per cent of the net premium income from property business during a year of income. A catastrophe reserve may be set aside annually for a period of five years. The assets in the fund would be held in trust in the same manner as the Statutory Fund.

The Road Improvement Fund:

Government is of the view that there exists an urgent need to embark on a major road repair programme. Accordingly, we propose to establish a Road Improvement Fund to be financed directly by the imposition of a road improvement tax of five per cent on motor vehicle fuels.

Increases in Fees and Charges:

In an effort to keep pace with the current costs of administering services to which fees relate, we propose to increase a number of fees and charges. These are detailed in the Provisional Collection of Taxes Order.

This 1994 Budget represents, in effect, a formal break with the past. In a sense it marks the eschewing of inward looking policies, import substitution development, protectionism and exchange controls.

We are of the world and we are committed to participate in this world, not because of imposed conditionalities, but by conscious choice born out of economic reality.

Our small size and limited resources constrain us to take the world environment as a given. Ours is the task of understanding and appreciating the world reality and charting for ourselves a course best suited to our peculiar strengths and shortcomings.

We see Trinidad and Tobago as the global city of the Caribbean, exerting influence in the world of business and finance far beyond what our small size may suggest or even dictate, as we have done in the field of culture and in sport.

This vision of the global city is unachievable unless there is the commitment and fullest participation of the social partners and, indeed, of every citizen of this country. Government is convinced that the policies and strategies enunciated in the Budget statement and in the *Medium Term Policy Framework* are appropriate for the achievement of the vision.

We are all aware of the rapid pace at which the social, political and economic contours of the world are changing. As a small nation, we run the risk of being totally marginalized and left behind if we do not undertake the actions and adopt the measures necessary to keep pace with world developments and, perhaps, even try to forge ahead in the game. All of this requires fundamental changes in the way in which we do business, in our productivity and in our attitudes. This Government is committed fully to the transformation of our economy to make it more resilient and to take us successfully into the 21st century. In doing so, however, we will ensure that the necessary safety net is in place to meet the needs of the more disadvantaged. We are confident that our people possess the resourcefulness, the capacity and the cultural ingenuity to meet these challenges.

2.30 p.m.

I invite Members of this honourable Senate, and by extension, every member of the national community, to share in this vision and participate in this achievement.

Mr. Vice-President, I beg to move.

Question proposed.

Sen. Wade Mark: Mr. Vice-President, the 1994 Budget is a brilliantly deceptive document. It conceals more than it reveals. The budget has dealt merciless hammer blows to fixed income earners, while further lining the pockets of the rich and the ruling business elite. The fiscal and non-fiscal measures announced in the 1994 Budget clearly expose the false label of "We care" that the new PNM has arrogated unto itself. This budget could lay the basis for the creation of a new wave of vagrants and refugees, if the Government continues its brutal, ruthless and heartless taxation programme.

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The regime in its drive to extract more blood from the fragile and weak body of a battered people, has further complicated the tax system. The population is being taxed virtually to death by this PNM Government. Apart from being forced to pay high income tax, working people have to pay VAT, a new financial transaction tax, projected higher utility charges, a transfer tax, a road improvement tax, new motor vehicle taxes, a virtually new passport tax, among others.

With all these taxes people are even being hounded out of entertainment. I predict that bicycles and roller-skates will be taxed next. How are our unemployed and pensioners to live in this society given the high rate of inflation and the existence of a crazy dollar which the Minister claims to be floating? The 1994 Budget is both wicked and brutal; like a dagger, it strikes at the very heart of ordinary working people's day-to-day existence. And "We care!". This budget is also strange and monstrous like a blind puppy sniffing at random, first in one direction, and then in the other.

The Minister accidentally stumbled upon a true classical idea when he proclaimed on page 20 of the Budget Speech that our human resource are indeed our most precious asset. Is this not a belated discovery? Nevertheless, he failed to advance any measures, projects or programmes that would trigger the mobilization mechanism to motivate, inspire and involve our people in the development process. This may either have been crass stupidity or very clumsy trickery, or plain PNM arrogance. This budget consists of meaningless banalities which appear quite plausible, and at first sight, indisputable, but in the end serves merely to disguise the Government's policy of supporting big business.

Notwithstanding, the Government's 1994 Budget has to be firmly anchored in the context of the new global sweep towards free market, free trade and more open global competition. The new gospel of economic liberalization which is being promoted by a weak, indecisive, brutally corrupt and vision-less PNM administration is captured in the Government's *Medium Term Policy Framework*.

The policy goals of the present Government as manifested in this policy framework are to repay the foreign debt without any further rescheduling on the basis of sale of state assets and tight fiscal and monetary policy; strengthen the role and contribution of the oil and gas sectors in respect of foreign exchange earnings and Government's revenue through a programme of aggressive exploration and foreign investment, and to liberalize and privatize the economy,

leaving the non-oil sector to the vagaries of the international market place. Every fiscal and non-fiscal measure is designed to accomplish these goals.

This born-again Patrick's National Movement believes that the solution to the country's problem lies in free markets through the freeing of international trade from tariffs and other quantitative restrictions; through the removal of restrictions on the acquisition and disposal of foreign exchange transactions; through the liberalization of the investment regime, through the liberalization of the tax regime, through the privatization of state assets and the curtailment of state involvement in business activity, and through globalization manifested in the opening of frontiers of the country for participation by external agents.

The new PNM has joined forces with those in rebellion against the state and in the process is seeking to give it a new role as facilitator and regulator. What this Government fails to appreciate is that in the regulation of the market, the firm is as important as the state. Free-markets in the Caribbean cannot simply mean the removal of active state involvement in economic development, while at the same time ignoring the control of global market by powerful transnational corporations supported by their respective governments in the rich industrialized countries. A typical example of rich countries protecting their own business is now evident in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT).

However, in a small economy where we do not have powerful corporations which dominate the world's economy or the society, the importance of the state cannot be ignored or be reduced to being a mere facilitator. It is, therefore, clear that we cannot leave the markets and the important prices merely to the invisible hand. The PNM has simply ignored these realities and has succumbed to the mirages and fantasies of the new wonder drug of economic liberalization. This is intellectual stultification at its most advanced stage of deterioration.

Adjustment is nothing new. We have always had to adjust upward and downwards. What is new about this round of adjustment is the configurations that are required to make these adjustments possible. A number of objectives lie at the heart of this process, namely, the orderly and faithful disposal of our foreign debt obligations, the submission of our country without thought or process to the iniquitous world economic system, a radical shift in the method of income distribution in favour of the elite, and the ascendancy of the foreign private sector as the key engine of growth, as well as the promotion of the market as a universally efficient instrument of allocation.

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In Trinidad and Tobago the problem of adjustment has not been properly addressed by the various political administrations. It is because of this inability to properly and clinically pose, address and characterize the problems, that our country and economy have had to endure almost 11 years of unrelieved economic contraction right up to the present time.

2.40 p.m.

Four major oil price shocks rocked our economy in an upward and later downward direction between the period 1974 and 1986. The third and fourth shocks followed in 1982—83, and later in 1986, resulting in a massive decline in the injections from the energy sector. This economic crisis led to the drawdown of national savings followed by cuts in real spending; still later by rescheduling and finally, by the undisguised sell-off of our family jewels.

However, one of the fundamental conditions necessary to lay the basis for the resumption of growth and development never took place in the economy. That is, the sharing of the burden of adjustment in an equitable, sensitive and reasonable manner. Both regimes have failed to address this vital issue. The truth is that the economy of Trinidad and Tobago was brought into being essentially to export in order to import; 31 years after political independence, its initial mandate has not been altered to ensure consistent levels of economic growth and the diversification of the national economy.

This is why the 1994 budget is nothing but a shrewd fraud on the masses, one in which the Minister of Finance uses rhetoric, subterfuge and trickery, literally at every step to cover up his twaddle. Indeed, the Minister engages in some fancy footworks throughout to make his case that the Government has graduated from a period of stabilization and growth to a period of a new and shared vision, while the citizens stand in their shoes and wonder.

The Minister's call is merely wishful sloganeering. Anyone can create a vision and seek the participation of others. Hence the hollowness of his theme: "A Shared Vision—An Invitation To Participate". Participation is a process and not an event or even a declaration. There is an irresistible and impatient urge by the broad masses of people to meaningfully and effectively participate in the economic, social, cultural and political processes that affect their daily lives. People need to have constant access to decision making and power.

Participation is therefore an essential and vital element of human development, but real participation requires empowerment in economic and

political activities. Effective participation in nation building requires the people to have equitable access to health care, knowledge, skills, technology and information as well as equal human rights. Effective participation means a properly equipped and efficiently organized legal system, proper social norms and values, and reasonable distribution of income, wealth and assets.

Real participation means improving democratic governance and increasing public expenditure on human development priorities, like investing in human capabilities and ensuring such capabilities are used for the benefit of all. Participation from a human perspective is both a means as well as an end.

What forms of participation does our skilful and wily Minister of Finance require of us? Is it bogus participation or real participation? Why has the PNM Government not attempted to place squarely on the national agenda, greater accountability, transparency and scrutiny of state activities? For instance, what are the conditions of the Amoco National Gas 20-year infamous natural gas contract? We should like them to participate and share this information with the population, if the Government is serious about participation.

How can the Minister seek to enlist the constructive support of organized labour in an atmosphere of tension and Government's uncompromising opposition to organized labour's views on the economy and privatization? How can the Minister seriously and sincerely reach out again to organized labour, and encourage their constructive participation, when every measure is being effected to undermine, subvert and destroy the trade union movement? Can this Government be really serious about its intentions, or is it just another smokescreen before it launches another round of violent attacks on organized labour in the form of large-scale retrenchment in the public sector?

The PNM Government has battered, brutalized and assaulted working people with impunity over the past two years. Its policy has been hostile and almost violent towards organized labour. In its haste to retrench the state from economic activity and transform it into the role of night watchman, the Government has privatized and sold off a number of viable and profitable state enterprises without any discussions with organized labour.

How can organized labour be called upon to play a more constructive role when thousands of its members at WASA, Port Authority, PTSC and Government daily rated employees have been retrenched; when wages and salaries have been virtually cut; when \$3 billion is still owed in arrears to public sector employees

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and not so much as a whisper or breath of concern is expressed by the Minister, except from the angle of a belated intervention by the Prime Minister—when workers' rights to engage in collective bargaining are being openly flouted and violated by state agencies and private employers; when massive revenue reductions in allocations to various ministries threaten the retrenchment of thousands of daily rated workers, as well as workers on the port, PTSC, Caroni (1975) Limited, Petrotrin, BWIA, Telecommunication Services among others, in 1994?

How does this so-called caring Government explain the massive reduction in allocations to the Ministries of Agriculture, Land and Marine Resources; Local Government; Works and Transport; Public Utilities, with special emphasis on PTSC, WASA and the Port Authority of Trinidad and Tobago? How does the Minister explain the massive reduction in allocation to Caroni (1975) Limited of \$25 million?

Why did the Minister of Finance create a special severance fund allocation totalling about \$168 million for the following ministries:

Ministry	Amount
Agriculture, Land and Marine Resources	\$13 million
Education	\$1 million almost
Local Government	\$101 million
Works and Transport	\$53 million
Sport and Youth Affairs	\$300,000

There are others. Not to mention the massive reductions in allocations to WASA, \$22 million; Port Authority \$16 million and PTSC about \$18 million.

The Government's intentions even before the violent fall in oil prices have been clear and unmistakable, with large scale and massive retrenchment in 1994 of daily, weekly and monthly rated workers in the public sector, including the public service and their replacement by contract labour, which would facilitate and contribute to the Government's drive to create what is called a more flexible labour market, and reduce what it calls excessive costs.

In the case of the Ministry of Works and Transport, there has been a reduction of \$60 million as it relates to daily rated workers employed in the divisions of

highways, maintenance, drainage, construction, mechanical services and general administration. This reduction translates into job losses of about 1,800 regular workers, not to mention casual employees.

The contempt for and hatred against working people was vividly demonstrated in September, 1992, when workers were run out completely from the Tapana Quarries like animals—reminiscent of South Africa's treatment of its black majority population—by hired thugs and criminals who use guns and dogs to accomplish their evil mission. All of this took place under the watchful supervision of the Parliamentary Secretary in the Ministry of Works and Transport, a former trade union official.

Is this how a caring government treats its workers. This Government is clearly not serious about anything. All it does on an annual basis is to engage the population in “ole talk” and “gambage”. This “ole talk” becomes even more real with the Minister's sudden swing from his commitment to achieve stabilization and growth in 1993 to some mysterious new Jerusalem. The truth is that the economy has neither stabilized nor grown. Indeed, the economy has not grown, but rather, the decline continues unarrested.

2.50 p.m.

According to the *Review of the Economy, 1993*, the gross domestic product declined by some one per cent with petroleum and manufacturing experiencing the largest reductions on a sectoral basis. Inflation is estimated at 10.9 per cent at the end of 1993. The balance of payments recorded an overall deficit of US \$43.2 million at the end of June, 1993, with the country recording its first total visible trade deficit of some TT \$193.4 million since 1984. Unemployment stood at 20.4 per cent, while the net foreign exchange reserves stood at US \$28.9 million at the end of September 1993. Fiscal and monetary policy continues to be restricted, manifested in tight liquidity, high interest rates and low levels of savings and investments, particularly in the non-oil sector.

In the wake of this dismal and bleak economic picture and labouring under the misguided and ill-advised Economic Policy Framework, the deceptive and deceitful Minister commits the nation, once again, to the hopeful and false promise of:

"Non-inflationary growth, improvement in the quality of life, and reduction of unemployment and poverty."

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If this is not a pipe dream, I do not know what is. I get the feeling, Mr. Vice-President, that this Government is piping coke.

Where is the growth which will increase output income and employment to come from? The strategy for growth is vague and weak. There exist no concrete projects and programmes for the process to take off. Indeed, there are no concrete plans for anything. The only thing that the Government is prepared to do is to facilitate domestic and foreign sector development.

Not only would there not be any growth, but there are also absolutely no concrete plans for growth, and the Government continues to gamble on petroleum, which is the playground of the transnational corporations and which, on the Minister's own admission, would not help much in terms of reducing our high level of unemployment.

Even with those massive concessions, incentives and subsidies granted to many transnational corporations located in the energy and energy-related sector, there are little prospects for growth and the generation of real foreign exchange earnings in this sector in 1994, especially in light of falling oil production, volatile prices and continued emphasis on low end production activities by these foreign corporations. This issue of the energy sector will be elaborated upon later in my contribution.

Will the growth in output income and employment come from the manufacturing sector, whose exporters have received a deduction of 150 per cent of promotional expenses for the creation of new markets? The Trinidad and Tobago Manufacturers Association think not. Indeed, the TTMA, in a recent statement is of the view that the measures outlined in the budget would threaten the export performance of this sector even further.

The TTMA wants the removal of the 5 per cent duty on inputs for the industry; the speeding up of institutional reforms as it relates to the Customs and Excise computerization and the establishment of the revenue protection agency; the strengthening of the Bureau of Standards and Food and Drugs Division, and the implementation of anti-dumping and unfair trade practices legislation, all of which we of the United National Congress support.

The Trinidad and Tobago Manufacturers Association believes that the reduction in the import surcharge and stamp duty on bills of entry will shift the balance in favour of imports over manufacturing. It has been estimated that unilateral trade liberalization could affect between 12,000 and 20,000 jobs in the

import competing sectors, with particular reference to manufacturing, between the period 1992 and 1995, according to a study recently commissioned by the TTMA.

So where will the growth come from? Will it come from tourism? Not even the Minister of Finance is sure. There are no concrete construction programmes for job creation and the fiscal measures, as outlined by the Minister of Finance on page 38 of his Budget Speech, will not help either. This fiscal measure, which is 25 per cent of capital reduction, a deductible expense of 25 per cent, is premised on the hope that a major hotel chain is favourably disposed towards an equity and management of a 250-room hotel in Tobago, subject to a feasibility study and an agreement on a particular site. And, according to the Minister of Finance, the Government intends to give every support to this initiative.

Insofar as job creation is concerned in the tourism industry for the unemployed in Trinidad and Tobago, the Government is still at the stage, "of developing the overall plans and strategy."

I guess the unemployed can take a Vat on that if they are lucky to have one.

This hope for the tourism industry is being peddled by the Minister who, in another document, savagely reduces allocation to the Tourism Development Authority from \$8.5 million in 1993 to a paltry \$2.7 million in 1994, a cut of some 68 per cent.

Whether it is the agricultural sector, the construction sector, the manufacturing sector or the petroleum sector, the situation is the same, "ole talk", "gambage" and deceit. There is absolutely nothing for the unemployed and those still lucky to be employed, to participate in. The Minister has no plans for their participation. This Budget is a massive hoax, a mere pipe dream.

The PNM's vision appears to be hopelessly bleak for the working people of our country. In the meantime, the Minister appeals to the population to go "down the road" and participate in this national drive to modernization. But what are we being asked to go down the road to achieve? Are we going down the road to further sell off our strategic and vital state enterprises and public utilities? Is it to suffer peacefully an indignity while the Government services the country's mounting domestic and foreign debt? What will be the cost of all these sacrifices to the masses of our people?

Here is enough time to look at our energy sector. The importance of the energy sector is highlighted year after year. In the 1994 Budget Speech, the hon. Minister

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of Finance stated that the overall economic performance reflects a further decline of some 6.6 per cent. One of our biggest problems in any potential energy sector and related economic plan for growth appears to be the ignorance of its managers as to the big picture of the entire sector, an approach taken by all successful energy-rich countries and, to a very large extent, their interpretation of the word 'strategic.'

The *Medium Term Policy Framework*, on page 25, states:

"In 1993, exports of crude oil and petroleum products are expected to account for 69 per cent of the country's total exports, whilst contributing 18 percent to Government's total revenue."

On page 26 we are informed that the Government is committed to the active promotion of natural gas. It also says that decisions have already been taken with respect to the expansion of a world-scale methanol plant at Point Lisas as well as the implementation of a pre-feasibility study for the establishment of an LNG plant at Brighton, La Brea by British Gas, Amoco, Cabot, and the National Gas Company.

In the Budget Speech, under "Investments in Energy and Tourism", page 16, we are told that the Government selected the energy and energy-related industries for early attention since this area could have the greatest impact in terms of growth and foreign exchange earnings over the medium-term. I should like to take this opportunity to look specifically at the effects of these projects on the national economy and, in particular, their effects on the foreign earning capacity of our country which has implications for the retention of wealth created locally.

3.00 p.m

No one can fault the Government for providing reasonable incentives to investors in search of new oil. That is an imperative. But we have to look further into the optimum exploitation of that oil, as well as the other natural resources. Incentives must be given to local and regional potential investors as well as to foreign investors, if we are serious about development and the creation and retention of wealth in our country.

The problem of increasing the efficiency and competitiveness and attracting new investment within the sector must go much further than through a so-called judicious divestment. What is judicious about selling 100 per cent of Fertrin/Urea complex to a foreign owner, who purchases his shares through foreign loans, at

high interest rates and who uses the facility at an off-shore production site, only remitting what is required for raw material purchases and salaries? The marketing function now costs more than it did under state ownership and by all accounts, local profits and, by extension, corporate taxes will be zero.

What are the new owners' plans for deepening the processes, diversifying the output of that complex in order to optimize its profitability and improve our chances of getting some corporation tax down the road? Urea and ammonia are vital inputs into fast growing fertilizers, such as, urea ammonia nitrate solutions. They are also important inputs into plastics, such as melamine. Have we negotiated with the new owners guaranteed supplies to potential investors, both foreign and local, for these types of added value processing, which have more potential for trickle-down job creation in the manufacturing sector, making goods from buckets to car parts and even for the furniture and construction industries?

What is strategic and judicious about putting up the local methanol plant as collateral to allow a foreign partner, Ferrostaal, and a German Bank, to loan them funds to expand our existing plant and at the end of the process Ferrostaal will own 49 per cent of the whole entity? The resulting output of one million tons of methanol will be mainly marketed by Ferrostaal. Do these sellers of our assets not know that this methanol is in great demand in Europe and in the USA for the added value petrochemical MTBE, and it would have better benefited this country if we had put up our asset as a collateral to build a world-scale MTBE plant? Such a plant costs less than a world-scale methanol plant and is more profitable.

Recent petrochemical news out of the USA states that world demand for the gasoline oxygenate, MTBE, will reach 550,000 barrels per day in 1995 and 750,000 barrels per day by the year 2000. The article further stated that there will be no new methanol plants built in the USA beyond the current construction due to the increasing cost of natural gas and if the gas price tends towards the expected price of methane of US \$4 per million BTU, some USA units may even close.

It is estimated that the USA will require to import 65,000 barrels per day and hopes to obtain supplies from Saudi Arabia, Venezuela, Malaysia and Europe. Here we are, shipping out our methanol as a raw material to allow the high end products to be made abroad—no different from sugar of old. It is said that, butanes are difficult to transport and that we do not produce enough here for a world-scale plant. How come we export, by way of the same transport, from the Phoenix Park Plant? Are our planners not aware of this?

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Methanol price fluctuates and although more stable now, is much lower than the world price for MTBE.

The LNG plant will be owned by British Gas, Cabot, Amoco and NGC. The output of the plant will be exported to Europe, Puerto Rico and the USA to allow further development there. The liquids to be extracted from that LNG plant include the same butanes mentioned before as well as ethane, methane and propane. These are all inputs into higher added value petrochemicals and plastics. Are our negotiators ensuring that supplies of these will also be available for all future potential investors in the petrochemical industry here in Trinidad and Tobago?

This LNG is also a commodity and, like all commodities, guarantees minimum return on investment. It has a long lead time for construction of pipelines and plant, so any benefits now will be seen in local services and labour. We have not been given any information on the probable shareholding, so we can make no assumptions on long-term foreign earnings or dividends.

One of the Government's steps to resolve the gas crisis was by the inclusion of Enron in the SECC block. Was this inclusion done by way of competitive bids? If so, what value was put on that 95 per cent of the company, and what capital relief of our debt burden was brought about by their inclusion as partners? Enron was one of those companies that bought into the Argentinian pipeline industry by paying part of its foreign debt in 1992. Does the contract with Enron guarantee any reduced gas price for power generation so that our people may continue to benefit from the exploitation of our own natural resources?

The *New York Times* of January 29, 1992 stated that Enron had agreed to deliver US \$3.5 billion worth of natural gas over the next 20 years for a new co-generation plant to be built upstate New York. The rate of delivery is in the vicinity of 195 million cubic feet per day beginning 1995. Other utilities in the USA are cautious about natural gas based plants, because most gas producers are unable or unwilling to make supply commitments especially such long-term ones. Enron apparently will pool supplies among many future supply commitments directly from producers, from its own supplies and by future market buying. The total supply of this contract will be 195 million cubic feet per day or 1.4 trillion over twenty years. One wonders at this gas price of US \$2.50 per BTU. One wonders indeed what price will we pay for gas produced by Enron.

Work on Phase II of the Pointe-a-Pierre refinery has started. When this upgrade is completed, we would still not be in a position to manufacture the high

added value end of the industry—the inputs into the plastics, paints, solvents and explosives, products once manufactured in the days of Texaco. The company, it is said, is being prepared for privatization. Perhaps this would be a good time to consider only investors who will upgrade or even replace the catalytic cracking unit and join with us in taking the country down the road to economic vibrancy, new job creation and training.

The NUCOR iron carbide plant which has started its construction phase is no different from the other low value products already mentioned. In fact, it is of even lesser value being an input into the steel process. It will be shipped to the USA for smelting into steel. We have been told that we have subsidized its gas by some 33 per cent of the real cost, as further down the road we shall share in its profits. How this will come about is hard to imagine as the iron carbide is shipped at transfer pricing to its main plant in the USA for smelting. Once again, it looks like profits are nowhere in sight for Trinidad and Tobago.

An energy policy is long overdue in this country; one where gas price is directly related to the price of the end product, where supply of energy-based locally-produced commodity inputs for downstream production is guaranteed at reasonable prices and not based on the prevailing world prices.

Gas price must be known to all potential investors and not based on bilateral secret negotiations. The gas policy must include added incentives to producers of the higher end price materials and to those who take the inputs to their highest potential. This will increase profitability, job creation and, by extension, corporation taxes to the country.

If we proceed in the mode already set in the payment of our foreign debts, privatization to pay debt, we shall be in very serious trouble down the road. So let us look closely at this issue of privatization.

3.10 p.m.

The undemocratic and immoral sell-out of our country's vital state enterprises in order to service the country's foreign debt realized a sum totalling close to \$600 million in 1993, according to the Minister of Finance. In light of what he described as the "appropriateness of Government's divestment policy and programme", the Government intends to "realize significant amounts of TT dollars" from privatization and further sell-outs in 1994, so much so, that it has decided "to set aside an amount of TT\$25 million" in the first instance, to spend on projects of great significance to the national community, including the

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restoration of Whitehall and the restoration of the Queen's Park Savannah". "The sum of \$667 million is anticipated from privatization proceeds" according to the Minister of Finance on page 43 of the Budget Speech.

Privatization lies at the heart of Government's economic liberalization policy, and yet does not form part of any coherent strategic plan of development aimed at stimulating local private enterprise. Privatization has taken on the complexion more of a garage sale, as vital state assets are sold to favoured individuals and groups.

The *Human Development Report*, 1993, issued by the United Nations Development Programme, warns against committing what it calls "the seven deadly sins of privatization", all of which the PNM is guilty:

1. Do not maximize revenue, but work towards creating a competitive environment;
2. Do not replace public monopolies with private monopolies;
3. Do not sell through discretionary non-transparent procedures which invite allegations of corruption and nepotism;

Sounds familiar?

4. Do not use sales proceeds to finance budget deficits—but should retire national debt;

Does that not sound familiar?—Queen's Park Savannah, Whitehall.

5. Do not "crowd" financial markets with public borrowing at a time of public disinvestment;
6. Do not make false promises to labour—retrain them for new industries;
7. Do not rely on executive orders.

I want to repeat this—

Do not rely on executive orders—create a political consensus in the country.

The PNM Government has nevertheless proceeded to dispose of many vital state enterprises in clear violation of these UNDP guidelines. Instead of allowing the state and the market to co-exist and work in tandem and sufficiently empowering the people to exert effective control over both, the PNM seeks instead to overthrow the state and give full dominance to the market.

Over the past two years the sell-out regime of the PNM has privatized a host of state enterprises—fully owned, majority owned and minority interest—to their friends and favoured groups, and is now threatening to privatize the nation's public utilities in 1994, particularly WASA to Bi-Water of Britain and the Trinidad and Tobago Electricity Commission to Enron Power Corporation of the United States.

As an alternative government, the UNC is of the firm view that there is no justification for the privatization of low risk public utilities like WASA and T&TEC. Quite apart from depriving the poor of water because many of them would not be able to pay for it, competition demands the provisioning of reasonably priced water and electricity supplies to our local manufacturers. Therefore, no attempt should be made to privatize WASA and T&TEC until every effort has been exhausted to make these two utilities efficient, cost effective and viable through the elimination of corruption, waste, mismanagement and nepotism. A UNC government would join with the workers to make these utilities viable and successful enterprises. And if divestment is to come at all, it should be carried out on the local stock exchange.

We of the UNC, the alternative government, are convinced that neither the supporting conditions nor policies which are necessary for a coherent strategy of privatization exist in Trinidad and Tobago. We do not possess reasonably competitive domestic markets; we do not possess well-developed capital markets that have depth, breadth and absorptive capacity; and we do not possess a sound regulatory framework. In an environment in which these essential ingredients are absent or woefully underdeveloped, the transfer of public assets to private ownership can lead to excessive rents being appropriated by a foreign private sector clique instead of the public sector.

Mr. Vice-President: The Senator's speaking time has expired.

Motion made, That the Senator's speaking time be extended by 15 minutes.
[Sen. S. Capildeo]

Question put and agreed to.

Sen. W. Mark: Thank you, Mr. Vice-President.

I now turn to the question of the public debt. The total debt of Trinidad and Tobago at the end of 1993, according to the Budget Speech on page 9, stood at approximately US \$2 million down from US \$2.2 billion at the end of 1992. The

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country is expected to pay out US \$636.5 million at the end of 1993. This payment has been realized at great cost to every working man and woman. Indeed, 41 per cent of total government revenue is now being absorbed by the public debt, both foreign and domestic.

There is absolutely no doubt that the public debt, particularly its foreign component, has now become a roadblock to economic development in Trinidad and Tobago. The public debt increased from TT \$12 billion at the end of 1991 to TT \$16 billion at the end of 1993, a difference of TT \$4 billion in that period. The Government's appetite for borrowing continues unabated. The Minister of Finance in a recent interview stated that Government expects to drawdown approximately US \$1 billion over a five-year period from the IDB. The Government also intends to source a further \$461.1 million in new funds on the local market.

Debt fatigue has undoubtedly set in and seems destined to settle in a valley, from which it will be extremely difficult to get out. I want to repeat this: debt fatigue has undoubtedly set in and seems destined to settle in a valley, from which it will be extremely difficult to get out. There is no document in which one can find a complete account of actual and projected foreign debt commitments, loan guarantees and the relevant terms and repayment schedules. All our foreign borrowings, actual and projected, will be dependent, primarily, on the hydrocarbon sector for repayment.

Whilst oil prices have been budgeted at the impossible and unrealizable US\$19 per barrel in 1994, the present volatility in the oil market will make nonsense of this projection. Further, continued instability in oil prices will make a mockery of projected estimates in the 1994 Budget.

Oil production is down to roughly 121,000 barrels per day at the end of September, 1993. Crude oil production between January and September, 1992 stood at 38.2 million when compared with 33.9 million for the same period in 1993.

The Government's strategy of selling out profitable state enterprises, particularly in the petrochemicals sector, to service its foreign debt is wrong and absolutely myopic. It is totally unacceptable to the nation's problem of debt. What would happen when all these state assets are sold out and the debt continues to mount? Will there be an advertisement appearing on CCN stating "Trinidad and Tobago for sale now"? Why does the Minister not use his safety net in this area in order to save our country from total pilferage?

The UNC calls on the Government to put an immediate halt to the sell out of our profitable state enterprises and to create a safety net with the singular aim of protecting our national assets.

Failure to address these questions would result in a threat to the social fabric of our nation:

Poverty levels will increase in 1994 from its present 25 per cent of households, or 4,000 people;

Distribution of income and expenditure between households will worsen;

The gap between urban and rural communities will widen;

Access to health and education will become more difficult and impossible;

Housing prices will escalate and the squatting population will increase, worsening even further our fragile ecosystem;

Electricity coverage and water availability will become increasingly more difficult, owing to the high cost and falling incomes of households.

The system of social security will collapse further in real terms. Crime, in its various forms, will become more bizarre, horrendous and gruesome in 1994. Family life will further disintegrate, coupled with growing acts of domestic violence. Social conditions of women and youth will be further eroded. Unemployment, retrenchment and under-employment will mount.

3.20 p.m.

In spite of the PNM's wild, reckless and false promises to provide jobs for the youth, Prime Minister Manning's blueprint for job creation is now a grey area. The Prime Minister headed a two-day national symposium on employment in April, 1992. Jobs were supposed to come after this massive talk-shop. Twenty-one proposals emerged from that "road show" and were immediately buried, along with the symposium, which was never resurrected in October 1992 as promised by our "new Jesus Christ", the Prime Minister himself.

This budget is no more than an exercise in book-keeping. It does not tell us in which direction, or down which road, the Government is taking the country so that we may be able to survive the fluctuations in oil and other commodity prices. It gives little hope for improved conditions in the short to medium term. What is the formula by which we get out of our dependence on this one-commodity economy? What are the things that the world economic powers are revolving around, Sir?

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These new growth areas include bio-technology, electronics, robotics, the new engineering materials and telecommunications. Which of these industries is Trinidad and Tobago going to gear itself towards? If the answer is "none of the above," then we are back to our historical role of being "hewers of wood and drawers of water," a state in which we shall remain forever, without the guiding hand of government intervention.

We of the alternative government shall not adopt that approach. We must use the talents of our people and our God-given natural resources to improve our wealth-generating capability and bring about a better quality of life for all our people. New thrusts into agriculture and energy via bio-technology and the new engineering plastics are the way to go for Trinidad and Tobago. Electronics and telecommunications are two of our special areas of strength. Can we afford to leave them unexploited? The answer is certainly "no", Sir.

We of the UNC say that a national strategic plan is needed and is long overdue, if our people are to be delivered from the bleak future that, seemingly, lies ahead. An urgent plan of action to improve our earnings and, thus, our job creation capability, is vital. Working people are extremely worried about their future job security. But we want to remind them that there is hope for them under a UNC administration. It is either the PNM regime listen to the voice of reason and the just cries of the poor, or face complete obliteration. Storm clouds have now begun to appear on the horizon. The choice is theirs. The ball is in the Government's court.

As we proceed into the season of goodwill and into 1994, let us put our country first and foremost, and not the private interest of big foreign businesses. Let us work towards greater cohesion, greater national unity and greater national solidarity. Let me extend to all of my senatorial colleagues and their families, including our acting President, warmest felicitations for the season. We must have a reflective Christmas and start 1994 with relevant strategic purpose for the salvation of our nation.

Thank you, very much.

Sen. Michael Mansoor: Mr. Vice-President, the 1994 Budget is being considered at a time when just about every aspect of Government service and activity appears to be in a situation of crisis. At the present time our roads are in a disastrous state, several of our major public utilities are in deep financial trouble—maybe, even deep financial chaos! Some sections of our local indigenous banking industry are in crisis; the system of justice is slow.

We have had several material devaluations over the last few years; our unemployment rate is 20.4 per cent. We live in a time of topsy-turvy market prices in the major commodities which we export. Crime is on the increase and our largest local conglomerate, Petrotrin, we are told in more recent times, is also in deep financial difficulty.

It would be relatively easy for a commentator to assume that one or two political persons, or parties, are responsible for all this. I should like to suggest, however, that as a nation we need to ask ourselves some very fundamental and blunt questions. We really have to ask ourselves the question as to whether, after some 30 years of independence, we have managed our country well.

During that period we have had two, almost mortal, attacks on our democratic processes. During that time we have had quite extraordinary good fortune in terms of our ability to garner foreign exchange, but we cannot help but accept the fact that there seems to be so much decay in so many of our areas of public activity and public service.

I want to suggest that this is a time for introspection—a time when we need to ask, what have we done wrong as a country? Because it is very clear to me that it is not simply a matter of a few dollars here or there, or the price of oil in 1993 as opposed to 1994. I rather suspect that it is something much more fundamental than that. I do not believe that what that is can be determined in an atmosphere of political confrontation.

I wish to make the point that it is extremely vital that we ask that question. Because I suggest that it is the economic mismanagement—perhaps even the economic idiocy—that we have all been guilty of over the last 30 years that has put us in this financial predicament—and all of us are responsible, Mr. Vice-President.

So that, while I shall deal with some of the more mundane matters of this Budget, I wish to start my contribution by saying that the problems that afflict us go far beyond the price of oil in 1994. They go far beyond whether the safety net is going to be provided in 1994. We have fundamental problems and we need to change the way we look at things. We need to change our approach to life; we need to trade confidence in our country and quite how we do that, is a matter on which the future of this country depends.

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3.30 p.m.

The matter at hand is the question of the 1994 Budget, and what is presented to us is essentially a budget that calls for revenue in the region of \$10.6 billion and expenses or cash outflows that are approximately the same. Basically, the Government is telling us that in 1994 it will spend \$10.6 billion—\$7.1 billion on recurrent expenditure, and \$3.4 billion on capital repayments and the Public Sector Investment Programme, which appears to be the same as what is now called the Capital Development Programme.

What is very important in all this is, despite the talk of surpluses—current surpluses, overall surpluses and whatever other kinds of surpluses the economists wish to confuse us with—the fact of the matter is that in 1994 this Government will need either to borrow or to sell important assets to get as much as \$2.8 billion of the money that we need to spend. This picture for 1994 is very much the same as the picture that we have had in just about every previous year for which I have statistics.

For example, in 1992 we had capital expenditure and capital repayments—or sinking fund payments—in the total amount of \$1.8 billion, but then we had to borrow some \$1.3 billion. Therefore, we could not meet our recurrent and our capital payments on the loans which we had contracted.

So what we are essentially looking at is a situation where the Government, the country, is unable to fund an extremely modest capital programme without borrowing large sums of money. This has been true for a very, very long time. If one looks at Appendix 13 of the *Review of the Economy 1993*, one would find that we have had overall deficits in just about every year, with the exception of 1993. The deficit in 1984 was \$1.6 billion; in 1988, it was \$983.7 million; in 1992, it was \$643 million; in 1993, a surplus is projected, but that surplus only comes about because of the fact that the Government has been able to sell certain capital assets and get in return a sum of approximately \$620 million.

What emerges is a picture of total dependence on borrowing, both foreign and local, and when that fails, the sale of assets to cushion the blow. It might be instructive to look at Appendix 16 where we see that in just about every year since 1984, we have had incredible rate increases in local borrowing, sometimes from the local commercial banking community and, more often than not, from the Exchequer account.

In 1993, there is a reversal of that. The amount owed on the Exchequer account was reduced substantially, but it is important to note that the Government had to borrow some \$401 million from the local economy in order to carry on its business and to bring down the Exchequer account to a limit that, I believe, is still over the legally required limit.

What really emerges is that during the period 1979, perhaps, to 1985, we financed our activities mainly by borrowing, perhaps almost wantonly, on the international market and I have the figures here. External financing in a year like 1982, \$265.2 million, when the dollar was a bit more than it is now. In 1984, \$457.5 million on the foreign market and in the same year \$1.2 billion on the local market, most of it coming from the Exchequer account.

The year 1986 was a very incredible one; the international financial agencies pulled the plug on us so we could not borrow as much, we could not borrow at all, perhaps, on the international market, so we had to pay back some \$261.6 million, but lo and behold, the change in cash balances which approximates the Exchequer account went up by some \$1 billion.

We are dealing with a very difficult situation here. We have essentially financed ourselves with very extremely modest capital development programmes by basically borrowing a bit more and substituting one set of borrowing with a new set of borrowing. For 1994, we are looking at finding \$2.8 billion, some of which we will find by privatization or disinvestment, whichever one wants to call it, and the rest of it we will find on the domestic financial market and on the foreign market. I believe from the figures which are suggested to us, that we will borrow some \$461 million on the domestic market and \$1.7 billion on the foreign loan market.

Simply put, the situation is not good and no amount of rumbling and argument is going to gainsay the fact that nothing fundamental is going to change in a hurry. It is, therefore, with a degree of maybe, cynicism, that I regard some of the revenue estimates that are proposed to us in the 1994 Budget.

In 1994, we are told that the Government, by way of tax revenue, will collect some \$6.6 billion, as opposed to a revised estimate of \$5.8 billion in 1993. We are told that the revenue on income and profits from oil companies will grow from \$713 million in 1993 to \$897.3 million in 1994, an increase of some 25 per cent. I would be delighted to believe that figure but I have not been able in some eight years in this Senate to find out exactly how it is calculated. We were told about

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the price of oil, but can we get 25 per cent more profits tax from the oil companies in 1994 than we did in 1993?

I go to the taxation on other companies. The revised estimate is given as \$460 million and I see that the estimate for 1994 is \$670.4 million, an increase of 45 per cent. I live here. I know a little about how these things work and I would be amazed if the profitability of our companies increased by 45 per cent in 1994. Then I see individual taxation being increased by some 16 per cent, from \$1.3 billion to \$1.5 billion. I ask the question again, will it happen?

Import duties, which I should have thought would have stabilized, that is being increased by some 28 per cent. I know there has been a devaluation or depreciation—the latter, I think, is the more conventional word—in 1993, but that took place as far back as April. So I ask the question, where is the 28 per cent increase coming from?

What we are dealing with is essentially a situation where the Government is proposing to increase its tax take quite substantially in 1994 and all of us must ask the question, will it happen? There is some basis for my doubt as to whether these figures will, in fact, materialize. Because when one reviews what has happened over the last few years, one sees that there have been instances of violent variations between budget and actual performance.

3.40 p.m.

Just to give one example. In 1993, we said we would get \$920.5 million from the oil companies; we got \$713 million. In 1993, we said we would get \$160 million from lands and buildings taxes and I remember distinctly saying here, this position would not happen. I was told, "Yes, it would happen." The revised estimate is now half of that, \$82 million. We were told we would get \$870.4 million from excise duties. In 1992 we got only \$668.6 million, a deviation of \$211.8 million. So that any reasonable person has to ask the question: Where do these numbers come from? Where do these estimates really come from? Can one really believe that this \$10.6 billion that we are supposed to get, one way or the other, either by borrowing or by taxing, or whatever, is really going to be realized?

Look at our performance. We see, for example, in 1993 we were going to borrow \$1 billion on the foreign market, we end up borrowing \$1.5 billion. Well, I suppose part of that is for depreciation of the currency. But these estimates are unreliable, and therefore, the only element of this configuration of numbers that I

can latch onto with any amount of ease is the cash position. I do not want to hear about surpluses which seem to evaporate when you get the actual figures. I want to know about cash. How are we doing on a cash basis? Because the numbers are just not correct. I ask the question: Will all of these revenue figures really materialize?

We now come to the taxation measures which the Government has proposed for 1994, all with a view to making these numbers happen. Let us take a few of them. We have this question of the business levy of one quarter of one per cent of sales of, not only corporations now, but of everybody, sole traders. I am not aware that there is any limit in terms of dollars as to what type of person comes into this tax net, but we are proposing that in 1994 we shall have a business levy of a quarter of one per cent of the sales of everybody. I interpret that to mean that the "doubles" vender will have to pay a quarter of one per cent of sales as a levy.

Mr. Valley: Just a correction, Mr. Vice-President. I made the point that the threshold would be persons above the \$120,000 in gross sales per annum

Sen. M. Mansoor: I should like to tell him that there are many of them way above \$120,000. Every parlour that sells more than \$10,000 per month is going to be caught by this—and all of this to collect \$3 million. Then one is told that the reason we are doing this is to get everybody into the net. I do not buy that. I see this tax as a humbug and total confusion. The Government is just simply not going to be able to administer this tax equitably. This is just not going to happen.

We have the question of property taxes. I just spoke about that. Then we have—I suppose it is a revenue measure—the question of the Tax Appeal Board and the payment of assessments before the case is heard. That is a collection measure, effectively. I can understand the feeling that people use the legal system, the tax appeal system, to postpone their tax payments. I can understand that feeling. But I ask the fundamental question: Why is that allowed to happen? Because objections are not being dealt with in the most efficient fashion by the Board of Inland Revenue.

So often a taxpayer submits an objection to the assessment and he never hears until the day before the two-year limit has expired and he is basically told, "we have found our original assessment to be fair in fact and in law". So it goes to the Tax Appeal Board. Now if that problem were solved, we would not have this type of formula we are talking about here, where contrary to just about everything, except in the VAT legislation, people are being asked to pay money up-front

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before the appeals are heard. And the disparity in the interest rates—I have to ask the question: What is this revenue measure about? Then we continue to tinker.

I remember very well between 1986 and 1991, a very special attempt was being made to simplify our taxation legislation. Every year, however, we seem to tinker with it a little bit more. We make it more complex. Another creature of complexity is this question of the corporate tax, the incremental profits tax. What a confusion! We are being told that there is going to be a base year and that profits above that base year are going to be taxed at a preferential rate; I think 30 per cent is the number. What will happen is that the people who are lucky enough not to have filed their returns for the base year—and there are quite a few of them around—would deal with their base year in a certain way.

I ask the very simple question: Would it not have been more efficient to reduce the taxation by even one per cent? Why create this confusion? We are up at 45 per cent corporation tax. Countries much smaller than we, Grenada, Dominica, their rates of taxation are higher than ours, and now we want to reduce the rate, we have this rather complicated confusion of a base year and auditors and tax accountants, and all sorts of people, would be arguing for the next 15 years as to whether the base year profit was right, and so on.

We are creating administrative humbug and confusion and nobody can tell me that that is not what is going to result from this legislation—humbug and confusion. The auditors will be saying, "you should not have done this in the base year; you should have done that. You should not have done that; you should have done this". Why do we need to complicate matters that way? It is better, perhaps, to just have one per cent reduction tax, or no reduction, rather than to create this administrative nightmare.

Then we have this transaction tax on motor vehicles, some \$200 or something on somebody who wants to sell a beat-up motorbike from one person to another. I have a lot of difficulty with that, not because of the tax itself, but because of what it signifies. Let us look at the facts. A car that retails for, let us say, \$195,000—and that is the price of cars these days—almost 40 per cent of that price is tax. Why three or five years after, seek to bring a transaction tax because some consultant a few years ago when they had the VAT legislation could not solve the problem of collecting VAT on the sale of used vehicles?

That is the genesis of this piece of nonsense. I remember it very well; a young man from somewhere in New Zealand, I believe it was, and my good Friend, Sen.

Valley, was on the other side of the fence in those days. All this transaction tax is going to do is to stop people from recording the transfers of ownership. More confusion for a few dollars.

So while I understand the revenue requirements of Government, these measures just will not do the job, in simple terms. When one looks at the Provisional Collection of Taxes Order—I got through the first page of it—I see here, at page 539, I think it is, that we are charging a fee of \$3.00 when someone has to file an application under the Domestic Violence Act; changing some tax from 50 cents to \$1.00 and the other one from \$1.00 to \$2.00. The best thing to do with these taxes is to abolish them.

3.50 p.m.

How can we justify paying public servants to collect a tax of one dollar? We are paying people to collect one dollar or one dollar and fifty cents from some single parent or someone with a problem under the Domestic Violence Act. I do not have difficulty with the quantum, but with what it signifies. We get the impression of some Shylock just seeking to put his hands into our pockets in just about everything we do.

The Government, for example, says that it wants to encourage the construction industry, but at the same time it increases the stamp duties on the transfer of property. I ask: what is the problem? Why do we not very simply make tax evasion a criminal violation? Reduce taxes and just go out and collect them on a simplified basis. Why do we need all of these contortions? Why? Forty per cent on a doubles vendor who sells more than \$120,000 per year. I do not accept that that could ever be logical.

Meal vouchers: Do you know what is going to be the cost of administering the person with a taxable income of less than \$36,000? All of this business about the small business sector—I remember when this legislation was first brought—I think it was in 1989—I said very clearly that would be an attempt to create this little animal called "an approved small company" which was absolute nonsense! The fact of the matter is that it has not worked and we are now attempting to take the same piece of bad tax planning, add a few more phrases to it and hope that it will work. It will not work. The amount of administrative time that would be taken to determine whether a body is an approved small corporation, the play is just not worth the candle.

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While I am not going to say that the Government does not need the money, I rather suspect that the way it is going about it is not the most efficient. I rest my case on that particular matter.

I now come to the question of expenditure. The first comment that I have to make is one which, I again, apologize for making, but this Appropriation Bill is one about service to the people of Trinidad and Tobago. When one looks at the documentation that Senators and other parliamentarians get when they are going to decide whether this is the way we should do things in 1994, one cannot help but be dismayed.

There is simply no way of determining whether the proposed spending pattern of Government is logical, sensible or otherwise. All we have is a set of yellow books with many figures that tell us how much we spent in 1992, two estimates for 1993, because we change them all the time, and a proposed 1994 estimate.

Very simply, there is nothing in this documentation that tells anybody how well, or badly, our ministries are doing. This Bill is about service. I ask the question: For the \$500 odd million that we would spend in the Ministry of National Security, the Ministry of Education or whatever, is that money well spent? This is a very simple question. I am not concerned as to whether we spent \$10 million more last year than this year or this year more than last year, because that, by itself, tells no one anything.

We are back again to: What do these books mean? I have repeatedly asked for very simple statements of strategies of ministries; performance objectives, what they are trying to do; how many people they serve; how many calls the police answer every day; how many calls, maybe, they do not answer; so that we can get an idea as to where we should put our money. It is not a joke. No change of government is going to change this overnight. We have had changes of government and it has not changed at all. That is a tragedy. It has not changed.

I would give just one odd statistic. For the Ministry of National Security—it just comes to hand as a number—the Government is budgeting that in 1994 there would be overtime payment of \$35.2 million; the payment for 1993 was \$11.6 million. Maybe it is a perfectly good thing that we can get the police to work overtime, but I ask the question: Is it a good thing? Why? On what basis is a parliamentarian supposed to assess this particular item of expenditure? Just to use one as an example.

Is it that the police are very overworked? If we decide that the average police officer earns \$50,000 per year, we can, perhaps, go out and employ some new policemen; we have an unemployment problem. What is this overtime about? There is no documentation. I may be fortunate that some Minister may be good enough to answer as to why that is so. I just chose that as one example. Let me give another example.

On page 154 of this yellow book called *Draft Estimates Details of Estimates of Recurrent Expenditure for the year 1994* we see that in the Ministry of Health, in 1992, \$41.2 million was spent on drugs and other related materials; and we are told that for 1993 we would have spent \$31.2 million. I ask the question: Is it that we have been able to source pharmaceuticals at a better price? That may be very good. Is it that the people have not gotten the pharmaceuticals to get well? What has happened here? There is nothing to tell you.

We had a 35 per cent depreciation, and most of these pharmaceuticals come from abroad. I ask: Is it that we were overstocked in 1992? What is it? It could be that this is good management. I do not know. Having spent \$31.2 million in 1993, we are saying that in 1994 we would spend \$43 million, and there is no explanation.

I have consistently maintained—and it is a very simple message, a very fundamental message—that perhaps the power of Government to spend money is much more important and more relevant to people's lives than the power to tax. How are these moneys spent? How do we know? How does anybody know? Do the Ministers in charge of these ministries know? I do not know.

I rather suspect that if the information is not forthcoming in a forum like this, maybe the information as to whether these ministries are doing well does not exist. I do not want a large document. It does not have to be a large document. A very simple statement to Members of Parliament that the system exists and that these things are looked at by auditors, management people and so forth, would be enough for me.

The problem is that we are told by Ministers of Government that they cannot manage. This is what many of them say publicly. This is not a fanciful criticism on my part; it is real. I am not suggesting that parliamentarians should find out how every five cent piece is spent; not at all.

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4.00 p.m.

When there is a variation in a major statistic that has to do with the provision of pharmaceuticals in our hospitals, somebody should know what is happening. And when we decide to spend an extra \$10 million in 1994, we should know why, or at least we should know that somebody somewhere knows why. We have an abundance of evidence to suggest that services are not being provided in the way that the average citizen expects. And nobody doubts that. I am not blaming Ministers of Government. I do not expect that one month after they come into office they would change everything. I am saying that shall we will never get there and we shall never improve our efficiency unless we set about the task of doing it. You can call it public service reform, you can call it what you want, but it is two years, and it has not happened. I have not seen it.

Successive governments fudge the issue of efficiency in the public service. They decrease people's salaries. They do all sorts of things. They pay overtime as was just said. One has to wonder, when we talk about expenses, the power to spend, is that really being managed? I do not say this to be critical, facetious or to be cynical; the problem really exists. We do know how well or how badly we spend money. That is not something that we do not know about. I believe it was the Hyatali Report, 1990, on the Constitution that told us very clearly at page 157 paragraph 296:

In conducting audits on behalf of the state, the Auditor General should concern himself not merely with book-keeping,..but also with efficiency."

What are we doing about it? How has the effluxion of time changed what we got? We still got these "yellow books" that tell us nothing.

There is another very serious and fundamental problem in the question of the provision of services in the country. Again, we have an abundance of reports on it, and it is the whole question of service commissions. Page 162 of the report on the Constitution and the pages that follow, enumerate all the difficulties that arise because of the way the service commissions function. The question arises: What are we doing about it?

In paragraph 312, in referring to the question of disciplinary matters the report says:

"A more prolonged process can hardly be imagined."

This is the body that we have decided, for very noble constitutional reasons to use so as not to interfere with public servants. This is the body that we have decided

we will use to protect our public servants, but it is not working. We have been told that it is not working. We know it is affecting the quality of services provided. But nothing is being done that I know about. I ask the question: Will we be debating the same kinds of issues five years from today when we will get these books that will tell us about all kinds of expenditures with no rationale and no assurance that our commissions are working properly and that they have the staff to do what they are supposed to do?

I am saying once again, very simply, that the 1994 Budget is much more than a few figures and the price of oil. One has to deal with these very fundamental issues. We have to ask ourselves the question: What has been the cost of just avoiding these issues? Do we know? Do we care?

Now I come to the question of the capital budget.

I have to assume that the Public Sector Investment Programme which calls for a total expenditure of, I believe, \$1.567 billion, is the same number that is referred to in another "yellow book" called the *Draft Estimates of Revenue* where the amount of capital expenditure for 1994 on the development programme is stated to be \$1,456.8 million.

I assume that the two figures are the same. There is \$100 million odd difference here. I have looked at the individual projects and they appear to be the same. We have, to first of all, say that the amount of capital expenditure in the development programme is woefully insufficient in 1994 as it has been in many a previous year. In many ways the capital expenditure figure in the Budget is really the figure that allows Ministers of Finance to present the types of estimates that they do. Because, it is a figure that is subject to the most violent distortions and deviations. It is the single figure that, as I said, allows the Minister of Finance a certain sleight of hand, if you will. It varies.

Let me give an example of that. In 1990, admittedly prior to this administration, the Government told us that they would spend \$794.2 million, they spent only \$526.4. In 1993, we were told that they would spend \$1.009 billion, but they only spent \$796.3 million. So that it is the figure that allows the Government, or perhaps, the Minister of Finance to sleep at night. But we do so at great peril. When we run down our capital stock; when we do not invest in productive enterprises, we create the problems of the future.

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In the course of my preparation for this debate I wondered—

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

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. Prof. J. Spence*]

Sen. Mansoor: Mr. Vice-President, in the course of looking at these figures I wondered what the position of this country would have been if in the early 1980s we had set for ourselves a very simple rule, that we would have saved and invested productively just a portion of the revenue that we, in fact, collected from oil. If we had said back in the early 1980s that there was this windfall—back in 1974—and the various oil shocks, if as a people we would not have sought to rush out and spend all of this money that was coming in, but rather we would use that money to ensure that there would be jobs in the future, what a different economic landscape we would be looking at.

4.10 p.m.

I ask the question: Would Iscott have happened? Would we have dissipated? Would we have spent so much money on so many things that have proved to be so disastrously unprofitable? I grant you that Sen. Valley did not have a crystal ball. This is why I made the point very early that I am not throwing stones. I am not saying that this administration or that administration should have done better. I am more concerned with what we as a people have done. This is how we have used our independence. We got a fantastic opportunity to put this country on an economic highroad, and we blew it. We quite simply blew it. This is why I started off by talking about the need for introspection.

There is a very interesting statistic which Sen. Spence and I were looking at this afternoon. I think it was in 1981 the revenue from oil was US\$1.7 billion. Very simply, US\$1.7 billion, in terms of today's currency is the total budget that we are talking about for 1994, if it is multiplied by \$5.77 or \$5.78. This is the kind of thinking that we need to indulge in.

We really have to ask ourselves the question: Are we making the same kinds of errors again? I do not pretend to have the answer to that question. I do not think that is a matter to be debated on a political platform. I am suggesting that in the lives of nations, when the most imponderable errors are being made, normally everyone is blissfully unaware.

I therefore ask whether we have seriously considered the economic policies that we are following today, or have we really been just pushed into them by the

force of the international lending agencies and the exigencies of the day? Back in those days there were exigencies too. The man in the street wanted everything 'now' and government had sought to give him everything, now. I ask myself the question: Could it just be that we have not given sufficient thought to what we are doing today, with the policy that we are following today? We have had palpable evidence and experience that suggest that as a nation, we blew it! Is the same thing happening again?

Really, I suggest that these annual reviews of budget exercises are not necessarily going to give us that answer. The budget exercise is really a bit of book-keeping, perhaps a bit of political activity to establish this or that tax. But unless we attack the fundamental problems, and put the energy into determining the validity of our assumptions of our economy and the world economy, we are likely to make the same errors again.

And I have not seen anywhere a reasoned, impressive, believable or credible statement of economic policy. That is why I raised that point. For example, when I read, this other book (not a yellow book this time)—the *Medium Term Policy Framework*—I do not see real policies argued and enunciated and options developed. What I see is that we have a problem; we have our foreign debt to pay; we have to keep the people happy and we have to do this and that. Let us run across the road and make sure that we do not get knocked down. Forget about what is across the road.

In this document—which is a policy framework, that I believe some would call strategy or these big words that are being used—I do not see anything that suggests that someone has looked at all the options in a very serious and fundamental way. I say maybe it is being done and this is just a bit of public relations. I do not know.

I should like to elicit from the Ministers some indication as to how we have determined what we are doing and what we are about to do. The history suggests that we can make incredible errors. In our own lifetime we have done that. In all of this documentation, what is there to suggest that what we are doing today in terms of privatization and other issues: that 10 years from today someone would not be saying, really, we missed the boat again? Because the international environment is changing; everything is changing. To the best of my knowledge, the question of economic policy has not been addressed.

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I remember very well that about three years ago, I asked the question—when the investment in the refinery was being undertaken, there was another Minister of Energy—what are we doing? I was told that we had to do it because we did not have the throughput and the products, and it would increase employment. I am amazed when I read all the difficulties that we seem to have in the finances of this organization.

We bought BP, Shell and Texaco and apparently for very good reasons at the time. I think the former Sen. George Weekes would have had a lot to do with that. I do not know. All of these things happened, only to find that it has been a financial disaster. Why did we buy it? Did we have to? Were we just pressured into doing it? I suggest that this budget exercise, as publicized and hysterical as it appears to get at times, is really not a very important milestone in the economic history of our country. It is, maybe a reassessment, maybe a time to talk.

We really need to ask ourselves some very fundamental questions. This is why in my short contribution I maintain that this is a time for introspection. In my respectful view, with brutal frankness, we have to hold the mirror up to ourselves. We have to ask ourselves the question: What are our strengths and weaknesses? Perhaps, each and every one of us needs to ask whether we are contributing to this nation.

I do not believe that the answer to that question as to whether we are doing the right things, would come out from this documentation or this debate. I think it is a very serious question and one which needs to be debated seriously, without emotion and hysteria. And we ignore that debate at our peril.

I also suggest that it has much more to do than the matter of dollars and cents. It is a matter of our attitude to life and what we, as a country believe in. It is a question of values and leadership. This is why perhaps, it is unfortunate and it is a pity that the attempt on the part of our Prime Minister to build this type of confidence, give this type of encouragement, and to suggest that the country should coalesce and co-ordinate itself to do all of these great things—to engage in that type of leadership has been subject to such ridicule.

4.20 p.m.

I think I heard the expression, "down the road". I think that is the type of leadership that we need. We are not going to transform this economy by these budget documents. We are going to transform this economy by leadership.

Leadership is about changing cultures. I believe that we need to support our leaders when they try to create an environment of confidence; when they try to encourage people to build the society. The oil price will not do it for us. This or that change in currency will not do it for us. It is a question of values and of building.

I would suggest again that we look at ourselves very seriously, without delusion and conceit. Let us admit that we have made errors, but let us do everything that we can to ensure that the errors do not repeat themselves, that we do not merely tinker with our tax legislation, but rather face the very difficult question as to what to do with this economy.

I ask the Government to accept the fact that this is not a facile, simplistic type of exercise that one does in a helter-skelter fashion. It is the most important thing that a government can do. When they do it, I ask that they share with us the results of their wisdom and deliberations, not in a document like this, but in a document with reasoned arguments, proper forecast, proper analysis, and a holistic approach to the task of nation building.

I thank you.

Mr. Vice-President: The sitting of the Senate is suspended until 4.55 p.m.

4.22 p.m.: *Sitting suspended.*

4.55 p.m.: *Sitting resumed.*

The Minister in the Ministry of Information (Sen. The Hon. Camille Robinson-Regis): Mr. Vice-President, it is significant for me to rise after hearing Sen. Mansoor's presentation, mainly so, because he has indeed captured the context in which the development of Trinidad and Tobago is taking place. The fact that all of us are responsible for the development to which the hon. Prime Minister and the hon. Minister of Finance have referred; and the fact that Trinidad and Tobago's development is our responsibility we cannot wait for anyone to develop our country for us, to show us the route that we must take. We must recognize that it is only within our own hands that our development will take place.

In addition to that, it is also clear that the present Government recognizes this and is not shirking its responsibility. In 1991 the people of Trinidad and Tobago sought to put this party, the People's National Movement, in the position where it forms the Government of Trinidad and we recognized that it is our responsibility

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as leaders, to take this country forward. But we cannot do it alone and we recognize, as Sen. Mansoor clearly said, that it is the responsibility of all the people of Trinidad and Tobago. We as the leaders have accepted the challenge.

During 1993, the Government was able to consolidate its efforts at laying the foundation for the sustainable development of our country. I say consolidate, because much of the modern institutional and infrastructural base required to ensure a better quality of life for our citizens, and to facilitate that meaningful participation of all our people in the development of our twin island state in the global economy in the 21st century is already in place.

Our achievements are indeed noteworthy, having been realized under extremely challenging economic circumstances and in the context of a changing world economic order in which the pace and complexity of the change have been staggering. Our success has been the result of several factors, including the ability of our society to adapt to changing circumstances and the deepening of the partnership between Government and people, which has enabled us to find a co-operative solution to the challenges that we face.

Most importantly, it underscores the vision of the Government and its deep commitment to the creation of a stable and prosperous future for our people. Seneca, the Roman philosopher once said—and I know my Senate colleague, Sen. Capildeo will be happy to hear me say this—*magna pars es ofectus velle proficere*. I hope I have pronounced it correctly. I am sure Sen. Capildeo will correct me if I have not. This Latin phrase, means—and it is one that we can adopt quite readily—"progress largely lies in our determination to move forward". We must have that determination, not only in the Government, but also in the people of Trinidad and Tobago.

Permit me to briefly highlight some of the major achievements in the areas of institutional and legislative reform and infrastructural developments that have led me to state, quite categorically, that we have made progress. One of the priority areas identified by the Minister of Finance in his budget presentation for action and implementation in 1994 is that of institutional reform and encouragement of enterprise.

It was noted that reforms in this area are being undertaken within the context of a vision of Trinidad and Tobago as the business and financial centre of the Caribbean. We believe that this vision will be turned into reality in a relatively short period, given the reforms that are being put in place to encourage

investment. The Government is mindful of the critical importance of investment to employment creation, and as a growth stimulus. In this context, in keeping with its emphasis on promoting private sector led growth, the Government has been seeking to remove all impediments to investment, both the domestic and foreign.

Earlier this year the Government embarked on an investment sector reform programme consisting *inter alia* of financial sector reforms aimed at developing the capital market with a view to mobilizing investment resources. Among the areas being addressed, are the modernizing of the Companies Act and the introduction of a Securities Industry Act, to improve the regulation of securities trading. The programme also involves the modernization of the registries with regard to companies' intellectual property rights and land.

Also high on the agenda of the investment sector reform programme is the improvement of the effectiveness of the one-stop shop mechanism for the processing of investment applications.

The legislative reform programme aims both to modernize and to harmonize the relevant laws. Government has also embarked on a comprehensive trade reform programme geared at increasing the competitiveness of local industry, eliminating existing anti-export biases in the trade regime, and creating favourable conditions for the desired expansion and diversification of foreign exchange earnings.

In the area of trade facilitation, initiatives have focussed on removing bureaucratic impediments faced by importers and exporters. Progress in this area to date includes the successful implementation of the automated systems for customs data, a system which has had its pilot in San Fernando; the introduction of simplified customs forms and the implementation of a series of administrative changes in the Customs Department.

The Government of Trinidad and Tobago recognizes that, even if all these various reforms of various types take place and the people of Trinidad and Tobago do not reform in their ways and their attitudes, that success will take some time in coming. The Government, therefore, is committed to its responsibility in the area of human resource development in the broadest sense, as it is well recognized that this is the most valuable resource of the nation. To this end, significant energies are being directed towards reforms in the areas of education, health and housing.

5.05 p.m.

In the education sector the emphasis will be on curriculum development to make education and training more relevant to the current and future needs of the population, as well as increasing access to educational opportunities by all citizens. In this regard I turn to the significance of the development of the library services of Trinidad and Tobago in an effort to join in this education programme so that the education of our citizens is completely rounded.

Access to information is key to our efforts to develop a modern, dynamic and internationally competitive economy. As part of its strategy to keep abreast of the rapid advances being made in the area of information technology, Government has been seeking to rationalize the system of library and information services in the country. It is being increasingly accepted that information is an important resource for social and economic development and decision making. It provides the key to the effective exploitation of other resources and it plays a critical role in developing human resources. It is also central to the process of reform, motivation of the national community, instilling positive attitudes and creating the psychological and cultural climate for development.

In a democracy such as ours, information plays a pivotal role in facilitating social and economic progress. The Government is committed to supporting the development of information services, such as libraries, to effect improvement in the capabilities for information collection and as repositories for diffusing information. As a consequence of this, the Library Services Division of the Office of the Prime Minister has been working steadily over the last year on the demanding task of redesigning its administrative framework in order to fulfil the critical developmental role which has been identified for it by this Government.

New developments in the external development of library and information services require new managerial strategies for survival and success. Demands for new kinds of services, greater user expectations, new information and telecommunications technologies, all constitute challenges for the library services of our country, if they are to keep pace with the information age.

In response to this initiative, Government in January of this year, established a committee to recommend a new structure for the Library and Information Services of Trinidad and Tobago. In July of this year, Cabinet approved the establishment of the National Library and Information Systems Authority to provide an administrative framework for the further development and co-ordination of library and information services.

This initiative is intended to streamline the services currently offered by making them more accessible to the general public, and the initiative will promote more efficient utilization of resources through networking. Specifically, the new Authority will, when it is established by legislation:

- facilitate the merging of the three existing public library systems;
- establish a National Heritage Library;
- prepare guidelines and standards for the development and operation of school and Government special libraries;
- network with libraries and information services in the public and private sectors, and the National Archives; and
- facilitate the establishment of a national referral centre to guide users to the sources of information services in the country.

Preparation of legislation to effect this Authority is well advanced and will be brought to Parliament in 1994. However, in anticipation of this legislation, the Government has already approved the physical integration of the library services and this is being effected by the relocation of the Central Library Services to new premises, in which the lending services will be merged with those of the Public Library of Trinidad and Tobago. The merged services will be housed at the corner of Duke and Pembroke Streets. In addition to this, the National Heritage Library will be established in the historic Public Library building at Knox Street and will bring together the West Indian reference collections of the two services.

These decisions are driven by the fact that information is expanding at an unprecedented rate and by the rapid advances being made in the technology for storing, organizing and accessing the ever-growing tidal wave of information. We realize that the way in which our country deals with the realities of the information age will have an enormous impact on the democratic way of life and on our nation's ability to compete internationally. Trinidad and Tobago has, unfortunately, tended to be a passive information society. We need an urgent transition to being an active information society if we are not to be marginalized internationally.

To do this, as individuals and the nation as a whole, we must all be literate—this does not necessarily mean going through the normal education system. But we must develop a society where people are information literate. People who understand how to access and use information, how knowledge is organized, how

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to use libraries and information services, play a key role, therefore, in preparing our people for the demands of today's society, where knowledge, in the form of information, is this world's most precious commodity. And people who know how to use information are the most significant work-force in the economy.

5.15 p.m.

In our efforts to promote greater self-esteem and foster a deeper sense of identity and national pride, emphasis has been placed on the development of our Heritage Library. This library, by its varied and comprehensive collection of Caribbean material, will provide Caribbean peoples with invaluable information about ourselves, our history, culture, achievements and lifestyles. The average citizen must be able to identify readily with the works of, for example, C.L.R. James, Samuel Selvon, Vidya Naipaul, Earl Lovelace, Eric Williams—

Sen. Merritt: He would turn in his grave to hear mention of C.L.R. James.

Sen. Capildeo: What about Morgan Job?

Sen. The Hon. C. Robinson-Regis: We cannot deny the fact that C.L.R. James was one of our literary novelists. Examples from the region include Derek Walcott, Frantz Fanon, George Lamming, Gordon Rohlehr, and Louise Bennett.

We have come to recognize that the libraries play an important role in ensuring that our societies move forward. Unfortunately, the people of Trinidad and Tobago have exhibited a certain apathy to library development. However, there are some members of the public who have found that libraries must be developed, and as a consequence of this we have had participation by citizens, corporate citizens and the Government in developing library services.

There is the provision of rare primary source material to students, particularly in the area of history, in the library services of Trinidad and Tobago. The Heritage Library, therefore, stands poised, not only to attract the already convinced, but by its outreach programmes and involvement in the various sectors of the community, to entice the non-literary into the library by the presentation, through drama and talks, of recognizable images and authentication of lifestyles, which is the function of the Caribbean writer.

Significantly, in 1993, the library services, through the Government, have seen the completion of the expansion work on the Carnegie Free Library, training of 70 librarians and support staff in the use of computer software, relocation of the Central Library headquarters, expansion of mobile library services,

commencement of construction of a purpose-built library at Charlotteville, opening of two branch libraries at Maloney and Mayaro, the formulation of a policy to inform Government's assistance and control of community libraries. This policy which is informed by the need to adopt a holistic approach to the development of library services, including the need to ensure an optimum allocation of available financial, human and other resources, sets guidelines for the development and takeover of community libraries.

In this regard, in particular, attention is given to the implication for recurrent and capital expenditure, the availability of manpower resources, and the provision of support services. The libraries continue their thrust to provide a high quality of national information that is accessible to the population and in 1994 the Government will also undertake the following—

- renovation or relocation of various branch libraries;
- conducting of information literacy programmes in all libraries;
- training and retraining of staff; and
- the formulation of a national policy on information and library services.

In addition to the human resource of our country, the Government also recognizes that the management of the land and other physical resources are of extreme importance. Government is ever mindful of the need to promote judicious management of our land resources. In this regard, the energies of the Ministry of Planning and Development have, to some extent, focussed on updating the legislative framework, and putting in place computerized information systems to facilitate greater efficiency in the conduct of land transactions.

It is anticipated that before the parliamentary recess, the new Land Acquisition Bill will be before this House. This Bill seeks to balance more evenly the rights of citizens vis-a-vis those of the state in matters of compulsory acquisition. Indeed, on the several occasions that we have come here with motions for compulsory acquisition, we have been faced with the accusation that the acquisition system is one that is prejudicial to those members of the community whose land is being acquired.

As a consequence of this, the new Bill will address some of the major criticisms of the existing law which relate to limited circulation of notices required under the Act and the delays in the payment of compensation. Importantly, the Bill lays down a strict timetable for the acquisition procedure and

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provides, in instances of non-observance of that timetable, that proceedings which have been initiated would cease to have effect.

The Bill that is proposed is significant, since it will greatly reduce delays in matters of compensation which result from landowners having to await formal vesting of their land in the state before being able to claim compensation as provided for by the existing Act. The Bill, therefore, when it becomes law, will streamline the compulsory acquisition procedure, thus bringing relief to those citizens whose lands are compulsorily acquired by the state. I know that Sen. Capildeo is anxiously awaiting the debate on this Bill so that he can achieve some of the effects of this new legislation.

Sen. Capildeo: Personal experience has been since 1971—22 years of experience.

5.25 p.m.

Sen. The Hon. C. Robinson-Regis: In addition to this legislation, in the first quarter of 1994, it is intended that a bill to amend the Land Surveyors Act will also be laid in Parliament. The amendments to the Land Surveyors Act will facilitate the use of modern technology in cadastral surveying, the regulation of the practice of land surveying and the establishment of a national land management information system.

The Government recognizes that in order to facilitate development, various improvements must be made to the entire system of land acquisition, land management. In addition to the previous pieces of legislation mentioned, there will also be legislation set up to establish and provide for the functioning of a new system for the registration of title and other interests in land, including the design of basic forms and drafting of regulations governing registry office procedures.

What we have found is that by the delays caused by the inability of citizens to get their land surveyed promptly, there has been some, what could be called, delay in development taking place in our country. As a consequence of this, the Lands and Surveys Division of the Ministry of Planning and Development has been working consistently throughout 1993 on the removal of the backlog of survey plans of state lands and lands held under the Real Property Ordinance. It has been clearly shown that delays in the approval process have resulted in major financial problems for the public at large, and have constrained large development projects from proceeding.

The Division has also worked assiduously at completing hydrographic surveys of Buccoo Reef and this document will be utilized in the proposed management of the reef that is being developed by the Tobago House of Assembly.

Activities have commenced on the computerization of the records on the acquisition of lands in order to expedite the process of acquisition matters and work continues on the hydrographic survey of the Gulf of Paria to provide data which will facilitate the efficient management of the country's exclusive economic zones.

Additionally, four parcels on the east coast of Trinidad have been checked geodetically in order to facilitate increased exploration activity of oil and gas. We do recognize that the petroleum industry is still the mainstay of our economy and this, indeed, will help effect more efficient exploration of oil and gas in Trinidad.

In 1994, the Government will intensify its efforts at the institutional strengthening of the Lands and Surveys Division and the Land Registry of the Registrar General's Department. With regard to the Land Registry, improvements will include the introduction of a comprehensive computerized system for the storage and retrieval of records relating to the ownership of all lands, the development of operational procedures to improve the efficiency and effectiveness of the services provided by the department, the upgrading of the technical expertise of staff in the use of the automated system, and the development and implementation of an appropriate disaster recovery plan for the system.

The entire new system will facilitate the maintenance of accurate and up-to-date records on all land parcels in the country in a manner that permits easy access to information on ownership and interest. In essence, the new system is aimed at reducing the costs of land transactions.

The Lands and Surveys Division will focus on improving the management of survey records with an emphasis on cadastral records, establishing a national spatial data transfer format, updating of topographical database and establishing a digital data structure. These initiatives will make available up-to-date survey records which are critical to the efficient management of all land resources.

The Government of Trinidad and Tobago, as the Opposition now recognizes, is a government that has skills in all areas. All its Ministers can talk on any subject effectively, since we are all prepared to discuss any area of governmental

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activity with a certain understanding of these areas, that is facilitated by being able to access and use information effectively.

The Government is also acutely aware that in the absence of an enlightened approach to the management of the environment, our efforts at promoting socio-economic development will not be sustainable. For years, the call of environmentalists worldwide has been ignored and dismissed as the musings of bothersome idealists.

Many among us have argued that our supply of clean air and water, our forests, our swamps and all the offerings of nature, are public goods available to all and, most importantly, are limitless and free; free, we have now come to recognize, to be abused in the name of development. The simultaneous warnings of the looming threat of climatic change, ozone depletion, toxic waste, acid rain, and soil erosion caused by slash and burn agriculture or the dumping of garbage in rivers were ignored.

It is now widely recognized that economic development and sound environmental management are complementary aspects of the agenda. In other words, without adequate environmental protection, development will be undermined, and without development, environment protection will fail.

In recognition of this, in its election manifesto of 1991, the People's National Movement announced its commitment to introducing legislation which would establish a strong, autonomous statutory authority empowered with the ability to co-ordinate the environmental management functions now resident within individual ministries, to set environmental standards and to enforce environmental legislation. We in the Government recognize that development and the environment are intertwined. Consequently, in 1991 when we came into power the Ministry of the Environment was disbanded and the environment function was placed in the Ministry of Planning and Development, clearly signalling that both issues needed to be taken into account once we were moving our country forward.

5.35 p.m.

An important focus of Government's effort at improving environmental management is that of institutional development. Such development is directed at helping our citizens to raise their level of consciousness and individual and corporate behaviour so that we preserve the natural assets we have. Significant benefits can be expected to redound to the benefit of the country, both economic and social, from the rational utilization of such efforts. They contribute to an

enhanced quality of life; they contribute to the people of Trinidad and Tobago, recognizing that people are an important aspect of the eco-system of Trinidad and Tobago.

It is clear that we must raise the consciousness of our people to ensure that the environmental degradation ceases or the use of the environment is continued in a sustained manner. The policies and actions for strengthening the national capacity for environmental management will require the increased involvement of NGOs and local communities in the implementation of sustainable development programmes. NGOs have played, and will continue to play, a major role in increasing public awareness and community participation in the process of integrating environment and development as well as the co-ordinating of training activities, seminars and workshops on sustainable development and environmental issues. So that all our people need to recognize the importance of maintaining our environment.

In this regard, significant progress has been made in bringing legislation to establish an Environmental Management Agency. It is intended that the Bill will be before this House before the end of this year. The new legislation and institutional arrangements will provide an adequate basis for effecting much needed improvement in environmental management. We have met a situation where there are over 40 pieces of legislation dealing with environmental management. There are over 28 agencies of the Government that have the responsibility for environmental management, and there is no co-ordinated approach to environmental management, even though there is so much legislation on the books.

As a consequence of this, the legislation which will come before the Parliament is intended to provide a framework for an authority which will co-ordinate environmental management in Trinidad and Tobago.

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

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. M. Mansoor*]

Question put and agreed to.

Sen. The Hon. C. Robinson-Regis: I thank this honourable Senate for that extension.

It is intended that the new legislation will provide for the establishment of this new Authority, such Authority to be responsible for developing appropriate

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pollution control standards, monitoring and enforcing compliance with these standards, promoting greater public awareness of environmental matters and mobilizing technical and financial resources from international sources to assist with the enhancement of environmental management in Trinidad and Tobago.

To date, the Government has already been able to mobilize US \$950,000 of non-reimbursible financial resources from the United Nations Development Programme for the establishment of the Environmental Management Authority in 1994. It is expected that another US\$900,000 will be provided from the same source in 1995.

In terms of environmental development, financial assistance has also been obtained from the World Bank under the Business Expansion and Industrial Development Project for upgrading the human resource capability of the Town and Country Planning Division in the review and interpretation of environmental impact assessments. Such assessments will be necessary before any developmental projects can take place. We recognize that we must put our environment first, but the Government cannot be the only one doing this. We see that the NGOs have been making their contribution, but each citizen of Trinidad and Tobago must recognize that he or she has a contribution to make.

Dialogue has commenced with the World Bank for the financing of a forestry and natural resources project. We recognize that our natural resources are as important as our human resources, because without our natural resources, our human resources can only go so far. Projects being considered under the Forestry and Natural Resources project are as follows:

- Land management, focusing on the worst affected watersheds;
- Forest management, focusing on sustainable multi-use practices;
- Coastal zone management, focusing on the Gulf of Paria and Tobago;
- Protected areas and national parks management, focusing on protection of biodiversity and the development of agri-tourism.

We must all recognize that if our budget is to make any impact on our citizens, they must not only feel part of the entire development process, but they must also be able to say that they can effectively make a contribution to Trinidad and Tobago. We must recognize that the Members of the Government are not the only leaders in the society. The Members of the Opposition, even though they may not recognize it, are also leaders in the society. They are leaders, because they are

Members of this honourable House. They are Members of the highest forum in the land but I fear that they do not recognize that.

5.45 p.m.

Leadership is not only about power, it is about showing or setting right examples. The Government has a responsibility to steer this nation, but there are other people in the society who must recognize that they also have a responsibility to be responsible and not just criticize because they feel that that is their role.

We have accepted our responsibility and we would continue to effectively accept the challenges of our economy, to effectively and responsibly accept the mantle that has been placed on us to take our country and our people. *[Interruption]* Yes, down the road together. I stress "down the road" because we are not walking this road alone. No matter how much we do and how much we say, we are walking this road with the people of Trinidad and Tobago. And we recognize this. We are not running from the fact that the people have clearly signalled that we are the ones whom they want to go down the road together with to achieve that future that we forecast.

Our vision is to promote sustainable development and to provide a more secure future for our people. We accept this vision; we recognize this vision and we know that this vision will become a reality. We know that the economic programmes we have put in place will achieve the success that we have envisaged. We know that once we develop our human resources through proper library services, through a clear recognition of their interrelationship with the ecosystem of Trinidad and Tobago, and the recognition that each one has a responsibility to ensure that we live in a sustainable environment, we are confident that we shall succeed. We intend to use our shared vision and work in close partnership with the people of this country as we stride forward confidently into the 21st century.

Thank you, Mr. Vice-President.

Sen. John Rooks: Mr. Vice-President, I am indeed sorry to see that the Minister of Finance is not interested in hearing the opinions of Senators. I should have appreciated seeing him here this afternoon.

Mr. Valley: Mr. Vice-President, let me please correct the Senator. The Acting Minister of Finance is, in fact, here.

Sen. J. Rooks: Mr. Vice-President, in the preamble to the Budget Speech the Minister referred us to the *Review of the Economy 1993*. Unfortunately, he does not appear to have read it himself. I would quote from page 5 of this document which reads:

"For 1993 as a whole, oil prices are projected to average US \$16.68 per barrel and to increase to an average of US \$17.3 per barrel in 1994."

Yet the Minister has based his Budget on a price of US \$19 per barrel. He seems to take no notice of the fact that Amoco, which produces 55 per cent of Trinidad's oil, may get this price as their oil is of a better quality than the remaining 45 per cent which belongs to Trinidad and Tobago. The 45 per cent, therefore, only attracts a price of US \$2.50 to US \$3.00 lower than that of Amoco. Even these prices depend on political decisions—how much Iraq will be allowed to produce and how much Russian oil will come to the market.

Kuwait's wells which were blown up, are now producing two million barrels per day, but Iraq's wells have never been damaged so all they have to do is open the valves which can produce five million barrels per day. Russia is short of funds and, consequently, it has been supplying oil to Europe, with the help of US operators, as fast as they can to improve their financial situation.

The Minister advises that the US \$19 price was based on information he got from the USA and Venezuela. This makes me wonder why he had to go to foreign countries when we have a very knowledgeable Minister of Energy and Energy-based Industries, who has been in oil marketing for many years. Even Amoco has budgeted on a lower figure. I predict that before the end of 1994 the Minister of Finance will be going back to the IDB for additional funds to prop up his failing budget. Historically, in this Parliament, and the previous one, the budgeted price for oil by foreign advisers has been high. Something that one gets for nothing is worth exactly that, nothing.

Minister Mottley and his party colleagues seem to have an affection for travelling metaphors. Last year we heard plans for following the "sustainable growth path"; recently we were enjoined to "go down the road together" and now we have been invited to proceed on a "journey to Utopia".

Minister Mottley does deserve praise for the manner in which he has ensured that our external loans have been serviced on time. This, of course, is of prime importance to his vision of Trinidad and Tobago becoming the global city of the Caribbean. The Minister identifies one major ingredient for success, as new

investment, which is required urgently. However, so far the investment we have attracted is capital intensive and not being very much help to our extremely high unemployment.

As an example, the new methanol plant would cost \$1 billion, but on completion will provide only 300 jobs. This equals to \$3.3 million for every one job. Sure we welcome this investment but we should also welcome the type of companies that are more labour intensive. We formed a Free Zone Company for this purpose, but it never really got off the ground because of a lack of funds. There were 10 local companies and 22 Hong Kong companies ready to locate in the free zone, but no funds were available for the infrastructure. These companies would have employed about 10,000 workers, and this figure could have doubled by now, five years later. The Free Zone Company is still alive, but would require much the same treatment as tourism would be getting if it is to provide that quantum of employment.

The Minister advises that Government has identified the following priorities for action and implementation in 1994:

- (i) Institutional reform and encouragement to enterprise;

The former is badly needed, but there is very little encouragement to the private sector manufacturers who are breaking new territory with exports.

- (ii) Investments in energy and tourism;

Again, I repeat that I would like to see the free zone company in this group.

- (iii) Innovation and efficiency in Government;

which has been badly missing for as long as I can remember—

- (iv) A tight and comprehensive social safety net;

I emphasize "tight" or the money would grow wings.

At last, the Government is showing that it cares and for this I salute it. I am glad to see that Servol is not being squeezed again.

After a long gestation period, Project Pride is off the ground and before too long Trinidadians would will not have to feel ashamed when we are compared with other airports in the Caribbean. I think this could have a bright future, particularly with service and repair facility for the aircraft of the Caribbean and South America. However, I have a deep reservation in that this is a statutory

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company. Decisions will have to be made and the right calibre board members will be needed to make these decisions quickly. Statutory board members are not of this ilk nor are they known for making operations profitable. The board of directors should operate like boards in private companies with few, if any, referrals being made to the Minister.

5.55 p.m.

I now come to revenue measures. The Minister advises that financial services are presently exempted from the payment of VAT and he now proposes to impose a transaction tax of 15 per cent on a number of financial services which are specified in the Provisional Collection of Taxes Order, 1993.

The list in the specified document takes up four pages and covers every possible service that could be offered by a financial institution, except the use of the washroom. The Minister says in the budget that there are inherent difficulties in the imposition of VAT, and that is why it is called a transaction tax. The truth of the matter is that the great majority of these services do not attract a fee and 15 per cent of nothing is still nothing. This is a nuisance tax that will cause more problems in administration and collection than it is worth. I am unable to see any redeeming feature in this tax. For instance, one of those listed is Standing Orders. A Standing Order costs four dollars, so you are talking about a 60-cent tax on that, at 15 per cent tax—Ridiculous!

Property taxation: Since last year the Minister has been complaining about the lack of compliance with this tax. The reason for this is simply that no bill is sent to the property owner, who simply forgets, particularly because the tax is due in mid-year and not the first of the year or the end of the year; dates that he would normally remember.

I am totally against the Minister's proposal objections and appeals in relation to Income Tax and Lands and Buildings Taxes, which is that the amount required by the assessment be paid to the Board, or satisfactory security be given to the Board.

Several years ago I had a Corporation tax matter that went to the Appeal Board and was eventually settled in my favour, but it took six years for completion. The Minister is magnanimously saying that if the appeal is finally determined in favour of the taxpayer, they will pay interest at six per cent. Is the Minister not aware that today bank interest is in the vicinity of 18 to 20 per cent? In my case the amount in question was \$63,000, so I would have been out of pocket by \$7,660.00.

In-bond sales tax: This is another nuisance tax that will do nothing except make the traveller buy duty-free in another airport. The result will be that the in-bond shops will close with loss of jobs and loss of taxes. At the present time, our duty-free shops are more expensive than those in nearby countries. As an example, this Swiss army penknife [*Object shown*] cost \$174.00 at Piarco and it can be bought in Barbados for TT \$120.00.

Agriculture seems to get the short end of the stick all the time in spite of our tremendous imported food bill. The first item intended to stimulate investment in agriculture is, 50 per cent of the interest earned by financial institutions on loans made to approved agricultural holdings should be exempt from tax. I repeat: it says "should". It does not say, "is exempt" Even if it is exempt, it still does nothing for the farmer.

Pneumatic tyres: The Provisional Collection of Taxes 1993, list the rim sizes but refers to 'new pneumatic tyres' only. No mention is made of second-hand pneumatic tyres. These are the main competition for the locally manufactured tyres. These are selling at various prices depending on the condition of the tyre, from \$50.00 to \$150.00. Some of these tyres are dangerous and two persons have already died because of tyres bursting. No second-hand tyres should be allowed to be imported into Trinidad and Tobago unless they are already buffed for recapping. This should be done with urgency before more of our people are killed.

Vehicle Licensing: I understand the concern of the ministry in getting vehicle licences paid every year; however, there should be an allowance for certain circumstances. Some people purchase old cars that have been off the road for several years and restore them as antiques. Even relatively recent cars may be off the road for a year whilst a major rebuilding is being carried out. These people should be able to report to the Licensing Authority that the vehicle was off the road for the year, or whatever period it was, and at what address so that the Authority could check on the work being carried out. The rebuilt antique would have to pass inspection like a new car and the road tax should start only from that period.

Mr. Vice-President, Trinidad and Tobago needs a \$10 billion budget as I need a hole in my head, but one consolation is, I do not think that even this Government will be able to spend it in one year.

Thank you, Mr. Vice-President.

Sen. Jean Elder: Mr. Vice-President, before I dwell particularly on certain aspects of the budget, I would make a few general comments. Firstly, I congratulate the Minister of Finance on a budget which, despite criticisms here and there, has been generally accepted by the people of Trinidad and Tobago. For that matter, many persons have opined that the 1993 Budget has been somewhat of a surprise in this country because people really expected an avalanche of taxes and more austerity measures.

I commend the Minister on his brilliant decision to provide a social safety net for the less fortunate citizens of our country. This is indeed a wonderful decision on the part of our caring Government, a Government that puts people first. Unfortunately, such beneficial initiatives are always met with much criticism by certain destructive elements.

As I touch on the topic of education, let me again congratulate another Member of the Government, the Minister of Education, for his wonderful presentation which I was privileged to hear in another place. Permit me to refer to our manifesto.

The PNM has placed great emphasis on education. I read from the PNM Manifesto: The PNM promises to focus on:

- "— Re-examining school curricula to ensure that training satisfies the needs of a dynamic and evolving society.
- Taking corrective measures to deal with the problems of reading and numeracy..."

6.05 p.m.

- Ensuring the system at all levels is thoroughly humanized by re-defining the vital role of the arts, sport and co-curricula activities."

We promised in the manifesto and we have fulfilled in our budget. Despite the dwindling fortunes of our country, one observes that over \$1 billion has been allocated to education, an increase of approximately 34 per cent over the 1993 vote. This is a clear indication of the importance that the Government—to which I have the honour to belong—attaches to education. One notes that a tremendous transformation is about to take place in the field of education. I am quite sure the Opposition would agree with this.

Firstly, let me refer to the Report of the *Task Force on Education 1993-2003* which states that the changing socio-economic condition of the country has

signalled the need for total reassessment, and for the setting of new priorities resulting in a comprehensive set of reforms which specify tasks and roles for all participants. These reforms are the answer to accountability concerns and seek to introduce systematic changes from top to bottom to remove internal inefficiencies.

Anyone examining the state of the nation's schools today would agree that all is not well. We on this side are the first to admit this. It is true, however, that some schools have over the years been able to maintain very high standards, both in discipline and proficiency, but in the main, there is a lot to be desired in these areas. If there is a breakdown of standards in schools, it would automatically reflect on the standards in the nation.

Fully aware of this, the Government had set about appointing the task force on education resulting in the Green Paper, which as stated earlier, recommends total reform. One of the many recommendations, and a most important one at that, is the establishment of a national council for early childhood care and education, the new name for pre-school education. This national council would oversee the institutions dealing with the care and early education of infants three to five years old.

Paramount in the implementation to be made by the Ministry of Education is the question of management. One notes that a human resources division has been set up with the objective of making the entire educational system cost effective, ensuring that the right people are selected for the right jobs at the right time. The points I have just made are part of the overall reform process in public service reform to ensure greater efficiency.

One notes that the entire educational system is being decentralized so that decisions would be taken speedily. Authorities on spot, would be entrusted with responsibility and authority, thus making the entire educational process cost effective. A series of training programmes for principals and vice-principals was held during 1993. I was happy to observe that this will be intensified in 1994.

Again, in keeping with modern practices, an employee assistance programme has been put in place, not only for the teacher, but also for the staff of the Ministry of Education, with the aim of providing assistance for individuals with problems.

One of the most vital aspects, if not the most, is curriculum development. Over the years, there has been criticism of the content of the curriculum. I am happy to note that programmes appropriate to the needs of the child are being

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developed. Moreover, specific attention is being placed on literacy and numeracy, and attempts are being made to discover the source of the problem.

Another significant introduction in 1994 which would be the forerunner of the elimination of the Common Entrance programme is the national diagnostic test in basic language and mathematics from the level of Standard 1.

Of vital importance to the success of the educational thrust is the selection system and recruitment of the teacher. Mr. Vice-President, you would know that in former years, teachers were role models. The entire system of recruitment and selection of teachers is being revised to ensure that those persons selected for teaching, apart from their academic qualifications, are persons of character. This coupled with a revised and intensified system of teacher training would ensure that the teacher possesses all the attributes for providing quality education for the total development of the child.

Continuous training of teachers is being pursued at the Rudranath Capildeo Learning Resource Centre, a hub of activity, even on Saturdays. On-the-job training is being conducted in schools and supervised by senior teachers. I am happy to hear the Minister announce that in September, 1994, the Corinth Teachers College will once more be a teacher training college. Provisions have been allocated in the budget for this project.

Contrary to previous years, a university degree only would not qualify one to teach in secondary schools. Pre-service training will be necessary. The University of the West Indies in collaboration with the Ministry of Education will provide teacher training in specific areas. I am pleased to observe that considerable sums have been allocated in the budget for the construction of new schools, thereby increasing the school capacity. Just as important, moneys have also been allocated for the refurbishment of older schools.

One notes that in September, 1994, El Dorado Junior Secondary and Barrackpore Junior Secondary will become five-year schools; and El Dorado and Barrackpore Senior Comprehensive will become seven-year schools. That is a notable achievement. One notes too, that in the 1994 budget provision has been made for an increase in post primary centres.

I also anxiously look forward to the establishment of the regional, diagnostic, prescriptive centres to formulate appropriate educational programmes for those pupils with special needs, which is a recommendation in the report of the Task Force on Education, and which also recommends main streaming of children with

special needs in schools that provide an environment for change. All schools will be required to articulate and formulate plans to meet the needs of these special students. The existing special schools will be retained, however, for the most severe of special-needs children, and to be used as an education resource centre that would include research development.

6.15 p.m.

Let me now comment on adult education, a field in which I am actively involved. Adult education has administered 35 adult education centres with a total enrolment of 10,241 participants. Its strategic plan, the Adult Education Unit, has identified a vision, a dynamic proactive unit, whose orientation, planning and programme delivery are informed by its recognition of the recurring need to equip and retain individuals for an ever-changing technology-oriented labour market as well as for self-employment and for the enjoyment of leisure. Self-employment is very, very important today in this economic downturn. Also, the mission is to deliver a range of academic, vocational and leisure programmes outside the formal school system. This mission includes the raising of national levels of literacy and numeracy through organized programmes.

Adult education has quite a number of areas, which include adult education literacy, human resource management and, most importantly, parenting. As we look around at what is going on today where teenagers are having children and not being able to provide care, we would realize that parenting is of absolute necessity.

Permit me to touch briefly on women's affairs and community development. I have noticed that within recent times, this ministry has embarked on a series of initiatives for the advancement of women, the betterment of the community and providing opportunities for a better way of life. The Community Enhancement Programme which provides, among other things, rehabilitation work for community centres, is one of these. Other areas in which I notice progressive and which have attracted happy notice are a more vibrant and businesslike NCC, a rejuvenated Prime Minister's Best Village Competition and a Folk Fair which attract thousands. I feel that credit should be given where credit is due and, therefore, I wish to congratulate the Minister of Community Development, Culture and Women's Affairs on the part she has played in the success of these.

In reviewing the overall budget proposals, and those for education in particular, I feel proud to be associated with the architects of such a budget.

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Should I repeat that? I feel proud to be associated with the architects of such a budget. It is true to its theme, "Our Shared Vision: An Invitation to Participate." I am happy to make my humble contribution, not simply by virtue of the comments I have just made, but by doing all I possibly can, in my own little sphere to ensure that this vision becomes a reality. I am aware that sacrifices and difficulties will be encountered on the road, but no pain, no gain. What is important is that, in the final analysis, this beautiful and talented country of ours become, as the Minister said, the foremost city of the Caribbean.

I conclude by echoing the words of our anthem, "May God bless our Nation".

SITTING OF THE SENATE

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. Vice-President, I beg to move that the sitting of the Senate continue until 7.30 this evening.

Question put and agreed to.

APPROPRIATION BILL (BUDGET)

Sen. Carol Merritt: Mr. Vice-President, this is the third budget that I have had the opportunity to comment on since I was appointed a Senator in 1991.

The 1993 Budget had as its theme, From Stabilization to Growth, 1993—1995. The Government did not grasp the opportunity at the end of 1992 when the 1993 Budget was being presented, to present to this Parliament an assessment of its performance as regards the previous budget, or for its first year in office. The *Review of the Economy* is inadequate to this task since it is strictly an economic document which largely ignores the socio-political issues.

The theme of the 1994 Budget is, "Our Shared Vision: An Invitation to Participate." One would have hoped that the Minister would have informed the Parliament, and, by extension, the nation, of the extent to which the 1993 Budget has been implemented and the reason for any non-implementation, if such exists, or indicated to this Senate, and the nation, whether the economy realized any stabilization or growth.

The Minister, in October of this year, spoke of a budget surplus. He said that the Government had managed to reduce its expenditure by \$200 million, demonstrating their fiscal vigilance and, of course, the need to attain the surplus levels required by the international lending agencies. The budget expenditure for

1993 was \$6,899 million. According to the *Review of the Economy, 1993*, the provisional revenue figure that Government expected was \$6,813.9 million or \$75.1 million lower than the budgeted figure. I am just referring to this to illustrate how deceptive the utterances of this Minister are.

Allow me to go further to show that the surplus was not realized in 1993 since the Government recently passed a Supplementary Appropriation Bill authorizing expenditure of a further unbudgeted sum of \$475.3 million. This implies that a decrease of \$200 million in expenditure did not, in fact, occur. Why is the Minister constantly trying to hoodwink the population?

The Minister is calling on this distressed population to share a vision, inviting every segment of the population to participate. He said, on page 3 of the Budget Speech:

"But the realization of our vision will require all segments of the society to participate".

He said everyone must participate, yet he has failed to make any provision in his budget for several critical segments of our society. No attempt was made in the budget to deal concertedly with the major problems facing our people, for example, crime, unemployment, poverty, vagrancy and homelessness. Tourism was mentioned very half-heartedly in the Budget Speech. If these major areas are not addressed, how does the Minister expect everyone to participate in this shared vision? I am afraid that the vision will dissipate before it is visualized.

I will now go on with my analysis of the 1994 Budget to strengthen my observations that the Government did not tackle the problems in a manner which would result in improvement of the quality of life in Trinidad and Tobago.

6.25 p.m

I will now turn to my baby, which has now become the baby of the PNM recently in the 1994 Budget—the social safety net. I feel that the Minister of Finance was trying to please me, because since I have been speaking on the budgets in this honourable Senate, I have always spoken about the elderly, the dispossessed and the homeless people. I was relieved to hear the hon. Minister of Finance state that this Government is painfully cognizant of unemployment, homelessness, inadequate health care, nutrition and educational services among certain segments of the population.

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I was relieved because I said, at last, one of the Ministers has finally acknowledged my constant lamentations here on the plight of the poor, the elderly and the homeless in our society. The hon. Minister states that the 1994 Budget proposes to allocate \$1.1 billion to social programmes, an increase of 48 per cent over 1993 levels. I hope that the Minister is really cognizant of the fact that there is an increasing number of persons who are slipping into poverty; that the recent flotation of the Trinidad and Tobago dollar and the concurrent increase in the cost of living would have raised the poverty line even higher, given the fact that most incomes are fixed. I submit, more people would have found themselves pushed below the poverty line. My emphasis on this has to do with the fact that the social safety net is being funded out of Government's revenues at the outset and the IDB assistance in later years.

Mr. Vice-President, is the hon. Minister of Finance telling us that we are going to borrow money to service recurrent expenditure? Is the IDB going to fund pension payments, URP wages, public assistance, free food and all those other components of the social safety net? I want him to give me the answers when he winds up. One has to be aware that the largest single source of Government's revenue is the income derived from oil, and the 1994 Budget is premised on an oil price of US \$19 per barrel. I do not know how realistic this figure will be later on. If there is a shortfall in the oil price—and from all indications this is a very real possibility—it will adversely affect the allocations for the Social Safety Net Programme.

Another area of concern stems from the tendency for operations costs to dominate the distribution of the allocation for the social services. Last month we passed a Bill, a vital piece of legislation in this honourable Senate, amending the Children's Act. Taking into consideration the abuse of our nation's children, it is disappointing to note that there is nothing in this budget, nor similar legislation in the near future, to provide for the infrastructure to implement this Act effectively.

There is an escalation in crimes against women and children in this society, yet this Government did not see it fit to make provision in the budget, to make the Domestic Violence Act effective. And we have people on the opposite side standing here and telling us that everything is going to be "honky dory" in the near future when we realize this dream city. All that fancy talk is just words. They are not dealing with the facts of what is happening here. No provision for the infrastructure has been made in the budget. Let us come straight: let the population know what is really going on.

In light of the upsurge in domestic violence and the allegations that these violent crimes against women and children are prompted by the hitches in the Domestic Violence Act, perhaps it is imperative that the relevant agencies such as the Ministry of Legal Affairs, the Ministry of Consumer Affairs and Social Services, and the NGOs get together to investigate these allegations and to come up with recommendations to enhance the Act.

While the hon. Minister of Finance was making his presentation of the 1994 Budget in the other place on November 26, 1993, the employees of the National Maintenance Training and Security Company Limited were seeking to have their salaries paid to them for the fortnight ending November 30, 1993. Could the hon. Minister please indicate what is the problem in honouring the 1993 budgetary allocations for MTS? I have been informed [*Interruption*] National Maintenance Training and Security Limited is a state enterprise. The same MTS workers had to secure the building that the hon. Members are operating from, and to maintain and make it comfortable.

Mr. Valley: Mr. Vice-President, I was simply making the point that MTS, as a state company, must earn its keep and we really ought to be putting it at an arm's length basis.

Sen. C. Merritt: Could the hon. Minister please indicate what is the problem in honouring the 1993 budgetary allocation for MTS? I have been informed that the company did not receive any releases from the Ministry of Finance for the last five months. My information as at Tuesday December 7, 1993, was that the workers had not yet received their wages, and the payment for yet another fortnight is due tomorrow.

What is the Minister doing to rectify this problem? Most of these workers have families to maintain. Many of them are single parents. Is the hon. Minister aware of the hardships which ensue when people are not paid on time? The Minister stated in his budget presentation that one of the pre-requisites for making Trinidad and Tobago the hub of the Caribbean hinges upon a strong educational system. I refer to this only to illustrate to this honourable House that the workers at MTS are critical in ensuring that Government's objects are met, because they are responsible for securing and maintaining the educational and health facilities of the country.

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6.35 p.m.

Let me examine the proposed safety net in a little detail. Contrary to what the Minister of Finance would have this population believe, the social safety net is not a novel idea—as is being claimed by some Members on the other side; in fact, it is an aggregation of various Heads previously funded under different ministries.

I wish to advise the population that there has been no increase in old age pension. I want to stress the point because some old ladies that I know, when they heard about \$1 billion in the safety net and that old age pension was listed under it, they felt that by next month they would have an increase. But we cannot fool the people; we have to let them know that there is no increase in the old age pension. Also, later on in the year, people who expect to receive free medicine for all their ailments, will realize that there is still a shortage of drugs at the health institutions and that they might have to pay for these drugs very soon. The social safety net has very large holes.

The Government has indicated its intention to lay emphasis on the NGOs for the delivery of the benefits projected under the social safety net. However, while it is accepted that these organizations are perhaps better positioned to identify and treat the needy, we need to question whether they are equipped in terms of manpower, means and facilities to undertake the responsibilities, given the nature and scope of the programme. In addition, it is imperative that some system of parliamentary supervision and monitoring of the social safety net be instituted in order to ensure that equity, equality and efficiency be affected.

Furthermore, the Minister must indicate whether his ministry has undertaken any feasibility or impact study to ascertain the needs of and distribution for such a social programme.

One of my major concerns emerges from the concept behind the creation of the Community Development Enterprise Fund. The fact is that it appears to address the symptoms of social and economic collapse, rather than dealing with the factors which cause this collapse. So that, although the Minister of Finance stated clearly that his Government is cognizant of the many ills prevailing in Trinidad and Tobago, he failed to outline measures designed to alleviate them.

The Minister included the Unemployment Relief Programme in the social safety net with a proposed allocation of \$130 million, the same amount as in the 1993 allocation. Let me just give a historical overview of the Unemployment Relief Programme and similar programmes that went before the URP.

Governments, previous and current, have proved themselves over the years to be incapable of successfully addressing the burning issue of employment creation. They prescribed bankrupt policies and ensured that ineffective strategies are implemented, however much the results prove themselves detrimental to the social fabric. The many titles given to this system established in Trinidad and Tobago to serve the interests of the dispossessed since independence are:

- (i) Best Village Programme;
- (ii) Crash Programme;
- (iii) Special Works Programme;
- (iv) Unemployment Levy Programme;
- (v) Developmental Environment Works Division;
- (vi) Labour Intensive Development Programme—that was Mr. Robinson's baby;
- (vii) Unemployment Relief Programme—Mr. Manning's baby.

In the main, these projects have not provided permanent or substantial relief from unemployment. Rather, they have really contributed effectively to the undermining of the work ethic among those in need.

To date, no Member of the present regime, or previous ones, can refute the countless allegations levelled by many concerned institutions and citizens. The experiences are many and varied. Public mistrust reigns predominant. Corruption and fiscal mismanagement have been the hallmarks of these failed initiatives, utilized as an effective means of distributing political patronage by the custodians of power. Being accountable, it appears, will actually destabilize clandestine efforts to maintain psychological control of those in need, or cultist control, indeed. People are now saying that the PNM is no longer a party, it is a cult. There are many irregularities associated with this programme. Of these the most significant include:

- (i) an accepted attitude for poor time keeping reflected in fewer hours of labour;
- (ii) sexual harassment—many women are forced to exchange sexual favours for temporary appointment at any level;
- (iii) discrimination on the basis of political, racial, religious and geographical affinity;
- (iv) larceny of material or the lack of material;

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We are seeing where a number of URP gangs are digging up roads—I am referring particularly to Maloney where I live—they are digging up one half of the road and it remains that way for months, just collecting water and breeding mosquitoes, because there is no material to complete the job. I want to know whether that is really productive employment with the use of our money. Then there are the padding of lists, ghost gangs and many other fraudulent practices too numerous to mention here.

I wish to recommend that the Government set up a system whereby the neediest in each community could be assessed to ensure that they are given just preference in the URP programme. One has to be aware that there are no specific programmes designed to create permanent jobs or to retain those who have become structurally unemployed or to address those in the state of underemployment. I expect that in 1994 unemployment and its attendant ills will grow and URP will continue to be the subject of much controversy.

I turn to housing briefly. Having regard to the fact that housing is universally recognized as critically important to development in both economic and welfare terms, it is disappointing to note that the Minister of Finance failed to mention any plans in his visionary budget for housing. Mr. Vice-President, if you will allow me, I will first quote from a report in the daily *Express* dated October 22, 1993, page 25:

"110,000 new houses will be needed by year 2000

Some 110,000 new housing units will be required in Trinidad and Tobago in the 10-year period from 1990 to the year 2000.

That's according to project co-ordinator and Planning and Development Collaborative International Inc. (PADCO), Gerald Erbach, who was citing findings of a land and housing study. He was speaking last week at a seminar/workshop on 'Standards and Pricing Policies' organized by PADCO at the Mutual Building, Queen's Park West, Port of Spain.

He noted the five major issues in the Trinidad and Tobago housing situation identified in the study were housing delivery shortfall, poor affordability, lack of housing finance, limited access to land and an unworkable regulatory system.

He noted that when there is a housing delivery shortfall, it leads to household overcrowding and increased unauthorized land development.

The study also showed that many people could not afford housing. The study which estimated average complete house costs at \$89,000 and average core house costs at \$60,500, found that while 42 per cent of households could afford complete house costs, 58 per cent could not. It also found that 42 per cent of households could not even afford the core house.

In terms of housing finance, it was found that only households in the top 20 per cent of income distribution had access to mortgages and 11 per cent of households had used sou sou for financing construction and improvements. Housing finance by public sector institutions showed a declining role."

6.45 p.m.

I am just making the point here that it is important that we look into the housing problem. Taking the newspaper report into consideration, what is the Government's plan to address the housing needs of the population? It is critical to our development; therefore, it needs to be addressed quickly.

The Government has targeted the tourism sector as a generator of employment and economic growth, as outlined on pages 17 and 18 of the Budget Speech. Yet, the Minister of Finance also confessed that the country should not expect to see a drop in the unemployment rate. This is evidenced by the fact that plans and programmes continue to be declared to develop tourism, but no feasible strategy or project has been forthcoming.

The tax credit for equity investment in approved hotel and tourism projects is inadequate to boost the sector. A clear tourism policy is necessary. Facilities need to be improved and developed. We are a twin-island state and we do not even have a sea-aquarium or a place near the reaches of our main port where tourists could walk in and see some of the exotic birds and animals indigenous to Trinidad and Tobago.

Aggressive marketing has to be done here through our overseas missions to market Trinidad and Tobago and our unique culture. We need, also, to promote and market our calypso, steelpan, Carnival and ethnic festivals as part of a holistic approach—not in the piecemeal fashion that is being done at present. I am appalled to note that one of the sister stations of our National Broadcasting Station is promoting Jamaican dub and reggae more than our own calypso and steelpan.

I have listened to the lyrics of some of these dub musicians and they border on obscenity. What I am even more annoyed about is that this same radio station,

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98.9, is funded by taxpayers' dollars. This is the reason why other islands could claim that they invented the steelpan and originated the calypso. We are not capitalizing on the numerous carnival-type festivals that are being held throughout North America and Europe annually.

There is a need to package our national culture and sell it overseas to our benefit. For example, our embassies could negotiate Trinidad and Tobago Days in countries like Canada and the United States, which will include carnival-like street parades during our off-season. We have many natural resources—the red clay found in Valencia is one such natural resource that could be profitably exploited for tourism and export purposes. There are many men and women who have developed the art of ceramic jewellery making, which makes quite attractive souvenirs and even household items. I suggest to this Government that it should seek to establish and equip one of its empty warehouses at Piarco Old Road in D'Abadie for the manufacture of ceramics and other handicraft items. This will go a long way in generating employment and income in the tourism sector.

I cannot discuss the tourism sector and not mention BWIA, our national carrier. I often wonder why it is still being called British West Indian Airways—but that is another point. The national airline is being killed slowly but surely, and most recently the Government decided to remove the BWIA airbridge service between our twin islands. The hoteliers complained that Air Caribbean was not providing Tobago with an adequate airbridge service. (The Senator is smiling at the back there.) This has resulted in a drop in hotel occupancy ranging from 25 to 40 per cent during the peak holiday months of August and September. The estimated loss was placed at some \$6 million.

Instead of the phased retrenchment of its employees to further raise the unemployment levels in Trinidad and Tobago, why does the airline not stop all the free rides to families of their staff members? Let them pay their way if they have to travel. This benefit has been abused in the past and is still being abused, as some of these people jump on a plane every weekend as if they are jumping on a maxi-taxi. One recalls the fracas recently reported in one of the weeklies involving one such privileged passenger. If these people pay their way, the airline may be able to realize an increase in its income.

Ironically, the basic prerequisites on page 17 of the Budget Speech for the success of the industry are the ones least addressed by the Government. But these are the acknowledged crisis areas in the country.

I turn to road improvement. If this Government is successful in its proposals for road repairs and maintenance in the near future, the motorists of this country would have smooth roads to drive on and it would be a blessing. But my contention is that the minister of Works disclosed that his Ministry will be getting funding from the Inter-American Development Bank and the EEC for road repairs. This must be based on certain conditionalities.

I wonder if the Minister could advise me whether these expected funds are loans or grants, and what conditionalities are attached. Loans must be repaid and if the funds come in the form of yet another loan, this Senate must be advised as to the method and source of repayment. As I am on this point, in reading the *Public Sector Investment Programme, 1994*, I came upon an interesting bit of information, item 6721. There is mention of the reactivation of the Roads Fund. So this is not a novel idea—just a new method of taxing an already overburdened population. I want the Minister to advise the Senate on the history of this Fund's operations, effectiveness and, most importantly, why it was stopped. We must be apprised of this so that we would know—

Hon. Senator: Apprised.

Sen. C. Merritt: Apprised. Thanks for the correction, Sir—I have no problem with that. We must know what to expect from the reactivation of this Fund.

In my conclusion, let me say that the Government in its 1994 Budget has invited the people of this country to participate—from the young man in Laventille who has been looking for a job for months, to the fisherman in Charlotteville. But the PNM's view of participation is increased taxation on those very persons, and they are the ones least able to pay. Ironically, at the same time, some of the exemplars of the society are not demonstrating good behaviour. Anyway, I think I shall leave out this point.

The Minister of Finance urged the population to hone in on a vision, but this budget prompts the question: is the PNM's vision akin to the illusive rainbow, or is it, in effect, a mirage?

6.55 p.m.

Sen. Andre Maloney: Mr. Vice-President, I must add that I am also from Maloney and the Malabar area so I am familiar with the concerns of the hon. Senator.

As a young person it is really my desire through this debate to urge all to share in this vision and to accept the invitation to participate. Let us participate in

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waking up the young minds of today, knowing the opportunities that exist in this beautiful country of ours. Indeed, if our country is to advance with prosperity and productivity, that challenge must be taken up by the young people.

Our Government is recognizing that challenge. This calls for new ideas, a clear and focussed direction—a direction flashing with commitment—a message with value and with positive results. Such is the strength of our vision.

Let us be frank. The problems of youth yesterday are simply not the same today. Our approach calls for synergies within Government, networking and collaborating with other non-governmental agencies in providing a service for youth.

Our approach to youth and the opportunities that are provided must take into account the culture of change. New roads we must accept within the changing economic framework. As a people we must embrace that change and not be partisan to any *status quo* or fanatic grouping like my dear Friend, Sen. Wade Mark, who speaks only of the working class; there are other people who are suffering—for any country seeking true survival regardless of its size, must share that spirit of competitiveness and innovation. We have got to wake up because the world is not waiting for us.

We, as a people, must internalize and accept that the world is changing. When we talk about our shared vision and invitation to participate, this is really serious business. In understanding that life is transitory and ever changing, we must seek to address urgently the institutions and machinery necessary for the conduct and delivery of service.

We all realize that the structures and institutions which were formed in the immediate post-colonial era are becoming increasingly outdated. Against this backdrop we renew the call for networking and collaborating with Government and non-governmental agencies involved in providing services for our youth, coupled with the provision of comprehensive and real participatory youth services that would reach all young people.

In a careful approach to current needs assessment, our Government believes that training should be a focus in establishing a career path for young persons. To this end, key areas of training, which include YTEPP, the national apprenticeship centres—formerly youth camps—have been placed within the Ministry of Education where they rightfully belong. A new area of focus.

These institutions are strategically placed in gaining access to a total package of curriculum development, coupled with a greater degree of organizational effectiveness and delivery of service. The process of modernizing our existing education system and improving quality will be accelerated, based on the final draft of the Education Task Force and the strategic plan of the Ministry of Education which, I can assure the Senate, are all involved under Minister Draper's Public Reform Programme.

In addition, opportunities for skill enhancement of young persons will continue to be supported in 1994, thereby, one providing training, which forms part of the national training and certification system, and two providing practical job-oriented courses with prospective trainees for obtaining relevant on-the-job training through the National Training Authority—a Bill for which should coming to the Senate very soon. In addition, they will obtain higher levels of training and certification in their craft fields and continue to retain emphasis on self-employment and entrepreneurship.

Vocational skills training is the vehicle through which youths will be provided with the competencies and marketable skills directly related to information and aptitudes for proficiency in job clusters or jobs in the formal and informal sectors which are growing. Improvements made in vocational skills training are related to the provision of equipment and materials to YTEPP trainees, and opportunities through hands-on experience in the world of work.

Our commitment to education reform clearly indicates our concerns for the future development of our young people. However, true reform as quoted in the budget speech must involve a partnership of all citizens developing together—this common vision of our future—by sharing generously our talents and ideas, culturally and economically. Our youths need that partnership, for it is only such a shared vision that will give coherence and consistency to our plans, and produce measurable results.

In this regard, the national training system gives effect to participation with the public and private sectors. The National Apprenticeship System caters for young unemployed persons between the ages of 16 and 25 years in providing their first job opportunities and practical training in the work-place. On-the-job training provides an opportunity for youths to seek training in the areas which will provide an incentive and introduction to today's job environment.

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Our Government believes that the future of a well-trained work-force is an important catalyst for economic development. Furthermore, initiatives with respect to the development of the high technology apprenticeship programme to address the needs of advanced industries with specific reference to the energy-based industries during the course of the year, were as a result of our Prime Minister's visit to Germany. This resulted in initial research for determining manpower and training needs within the energy sector.

As the education system begins to focus on improving quality and training to suit contemporary and future needs, Government, through its *Medium Term Economic Framework* will continue emphasis on employment opportunities as outlined in its policy framework and the 1994 Budget. We can realize that as a nation we are fulfilling the needs of individuals of a vibrant and growing private sector, involving individual entrepreneurs, small, medium and large firms with strong linkages between the manufacturing, the agro-industrial and the services sector in an integral and competitive market with a heavy export bias.

Entrepreneurship activity among our youth engages a high level of enthusiasm. However, we must realize that these young business persons as they seek to become involved in the true business environment and strive to be competitive, are hassled by our large and outdated bureaucracy. Reform is really necessary.

The vision, as outlined by the Government, clearly has a part to play in expanding opportunities and levels of confidence necessary in taking a bold step into the market-place. I am very confident that the concerns of our youth who indulge in certain negative aspects will soon be overshadowed by a new cadre of leaders ready to take charge and be a part of the exciting opportunities that lie ahead. That dynamism is already taking place.

However, we must be aware of the negative aspects that are always and portrayed in our media and advocated by certain leaders of our nation. Nevertheless, young people are making strides in key areas of development in our society. We must highlight these young persons—especially the young graduates who excel—and provide the necessary incentives for further training in all areas giving priority to income and employment generation. This must not be the task of government alone.

7.05 p.m.

Government, through its community development policy, will be focussing on strengthening and mobilizing community groups with a view to enhancing their capabilities to handle social and communal concerns. This thrust seeks to involve Community Action for Revival and Empowerment, which is the programme, CARE.

Provision of facilities for self-employment:

As we face the future let us be focussed, zero-in and share in that spirit of entrepreneurial development among our youth. As a Government, we are assessing the package for youth enterprise specifically designed to assist the youth in starting up business. In developing entrepreneurial traits, our programme aims to strengthen existing skills in a fast-paced environment while strengthening positive attitudes among our youths.

Perhaps the major challenges of entrepreneurship are, one, reversing the negative attitude to self-employment, and two, pointing towards our public sector and their method of delivery and service throughout our public service, in terms of a system that would facilitate effective decision-making and delivery of service.

As stated earlier, I will renew my call for further reform within the public service, and on behalf of our young people support the call for Government initiatives that will make the delivery of service and impact amongst our youth a priority concern. To date, we have seen various ministries and institutions involved in the process of change. The Agricultural Development Bank has published opportunities available in this sector and has established links with youth training in an attempt to seek broader involvement from production to agro-processing.

Industrial training is provided through the IDC outreach programme in garment and other skill areas. Community Development is encouraging programmes that would facilitate involvement of persons in its community-based programmes.

The initiative of the Small Business Development Corporation (SBDC) in launching an information centre in terms of its ongoing support for youth, the growth of small business activity, and in promoting its business and entrepreneurial thrust throughout communities, must be commended.

The role of the Ministry of Sport and Youth Affairs is presently networking and collaborating with governmental and non-governmental agencies involved in

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providing services for youth, coupled with the provision of a comprehensive and a participatory youth service that reaches out to all young people. The youth service has a dual role to play. It must provide support to young people during this transition to adulthood. The Ministry of Sport and Youth Affairs realizes that it has to be dynamic, flexible and change-oriented to deal with the normal and crisis situations among our youth.

Youth affairs thrust is in district servicing, the base at which individuals and youth groups at the community level will be evolved, this being a vision for youth development, a vision outlined in our budget for 1994 which seeks participation to achieve its objectives.

Our Government is concerned with the total development of our youth, which will include physical, emotional, health, intellectual advancement, economic well-being, spiritual growth, social and recreational development. In reviewing the programmes of the Ministry of Sport and Youth Affairs, a new recognition of outstanding youths can be seen in the National Youth Development Award Programme of which I am an awardee.

This programme recognizes young persons who have excelled in key areas of agriculture, community service and small business. Here we must encourage the private sector in recognizing talents and achievements. The ministry's role is serving as a co-ordinating agency for youth development in its strengthening mechanisms for the continuous consultation with youth agencies and organizations concerned with youth activities.

Another one of the Ministry of Sport and Youth Affairs' programmes is the National Youth Exhibition Programme, which has, I must surely add, failed to attract the necessary media attention and the necessary framework for making the youth a priority concern. This involves linkages with the private sector as a necessary service for impact and delivery. Young entrepreneurs in various categories are given the opportunity to showcase their goods and services with sponsorship and in-house consultancy provided by large developed businesses in that specific area. In addition, opportunities for supplying services and further training are provided by the private sector. This is a true partnership in development.

I therefore wish to commend this initiative to the private sector for next year's national Expo, which will allow the young entrepreneurs and trainees to gain valuable experience in promotion and opportunities for export. Presently, the

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Ministry of Sport and Youth Affairs has established closer links with the SBDC to access training and funding for young persons. At this point, as a young person, I wish to state that I am painfully cognizant of the despair and the hopelessness that breed among our youth. I wish to make it clear that this Government understands and has significant funding where youths are involved.

Unfortunately, as youths, we know that these programmes may have difficulty in reaching most of us who may be in need. This is one of the reasons I wish to insist that the public service reform is a necessary function in achieving the necessary impact. It is here we must share in our Government's vision that reform is necessary. I urge you all to get involved. Demand your right to service. I am extending this to youths: Get involved and demand your service. To the youths who are desperate, wake up and understand that the opportunity is yours. Become involved and "be strong" as the song says. The social service programme looks forward to your involvement in the Civilian Conservation Corps, an opportunity to strengthen your coping mechanism and overall development. Share also in that spirit of entrepreneurial development towards true success. Become aware that there are sacrifices which are needed at this time as you are trained in various programmes.

As outlined in our budget, there are many programmes which cater for the overall development of youth. Our Government recognizes that not only is reform necessary, but also critically important is the failing reality among our youth. This reform involves change in order to have our growing population as active participants in our country. We are also aware of the need to package all these programmes and present it all to them so that they can see the practical links that are involved.

As I close, I wish to thank all Ministers of the Senate for their kind indulgence; also the Government for putting together the various programmes. And we look forward to the support of all Members of the Senate of Government in its efforts in the area of youth development.

Thank you very much.

Motion made, That the Senate do now adjourn to Friday, December 10, 1993, at 10.00 a.m. [Hon. L. Saith]

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 7.15 p.m.