

Leave of Absence

Tuesday, March 21, 1995

SENATE

Tuesday, March 21, 1995

The Senate met at 1.30 p.m.

PRAYERS

[MR. PRESIDENT *in the Chair*]

LEAVE OF ABSENCE

Mr. President: Hon. Senators, I have granted leave to Sen. The Hon. Dr. Lenny Saith to be absent from sittings of the Senate during the period March 18 to April 8 as he will be out of the country.

SENATOR'S APPOINTMENT

Mr. President: I have been advised that His Excellency the President has appointed Mrs. Norma Lewis-Phillip to be a temporary Senator with effect from March 21, 1995 and continuing during the absence from Trinidad and Tobago of Sen. The Hon. Dr. Lenny Saith.

OATH OF ALLEGIANCE

Sen. Norma Lewis-Phillip took and subscribed the Oath of Allegiance as required by law.

FINANCE BILL

Bill to provide for the imposition or variation of certain taxes and duties, for the incorporation of the amendments made by the Provisional Collection of Taxes Order, 1994, to introduce other provisions of a fiscal nature and for related matters, brought from the House of Representatives [*The Minister of Finance*]; read the first time.

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

Question put and agreed to.

PAPERS LAID

1. Report of the Auditor General on the accounts of the National Energy Corporation of Trinidad and Tobago Limited for the year ended December 31, 1983. [*The Minister of National Security (Hon. R. Huggins)*]
2. Report of the Auditor General on the accounts of the National Energy Corporation of Trinidad and Tobago Limited for the year ended December 31, 1984. [*Hon. R. Huggins*]

3. Report of the Auditor General on the accounts of the National Energy Corporation of Trinidad and Tobago Limited for the year ended December 31, 1985. [*Hon. R. Huggins*]
4. Report of the Auditor General on the accounts of the National Energy Corporation of Trinidad and Tobago Limited for the year ended December 31, 1986. [*Hon. R. Huggins*]

ORAL ANSWERS TO QUESTIONS

**Canadian Firm
(Tourism Development Plan)**

12. Sen. Wade Mark asked the Minister of Finance and Minister of Tourism:

Could the Minister of Tourism state the qualifications and experience of the Canadian firm which is presently engaged in preparing a comprehensive Tourism Development Plan for Trinidad and Tobago, the exact cost of this Plan and the local companies/agencies which are involved in the formulation of the proposed plan?

The Minister of Finance and Minister of Tourism (Hon. Wendell Mottley): Mr. President, the ARA Consulting Group Incorporated was contracted by the Trinidad and Tobago Government following tendering procedures in conformity with IDB guidelines to undertake a national Tourism Master Plan and Investment Programme in 1994. The Applied Research Associates, that is ARA Consulting Group Incorporated, formerly known as the DPA Group Incorporated, is a Canadian economics, management and consultant company with more than 80 professionals in four offices across Canada, as well as several project offices overseas. Work has been undertaken by this group for:

- Canadian International Development Agency
- World Bank
- Commonwealth Fund for Technical Co-operation
- Asian Development Bank
- United States Agency for International Development
- International Agricultural Development Service
- United Nations Development Programme
- Inter American Development Bank; and other national Government and State/ Government Agencies.

The ARA Consulting Group Incorporated manages several tourism related programmes and has extensive experience in the Caribbean region. ARA has provided technical assistance and project direction for Antigua's Nelson's Dockyard-English Harbour projects. In these projects, ARA also has provided on-going technical assistance for creation of a self-financing national park now establishing a reputation as a world class tourism destination area—Nelson's Dockyard National Park. These services include project definition, technical assistance, financial and economic assessments to international bankable standards for a variety of sectors ranging from agriculture to tourism.

The estimated cost of the Tourism Master Plan is US \$773,706 of which the retaining fee is US \$77,370. The consultants will be paid 30 per cent of the total sum in TT dollars and 70 per cent in US dollars.

The local company which is involved in the formulation of the proposed plan is Consulting Engineers Partnership (CEP) Limited located at 97 Tragarete Road, Port of Spain. Consulting Engineers Partnership Limited provides engineering services for the ARA Consulting Group. Such services include technical feasibility studies, design and costing of infrastructural works and utilities for the projects to be included in the Tourism Investment Programme. Consulting Engineers Partnership Limited is sub-contracted by the ARA.

Sen. W. Mark: Mr. President, could the hon. Minister indicate who are the people who make up this ARA—Applied Research Associates? Could he also tell us how long this plan will take before it is finally submitted to the Government of Trinidad and Tobago—the time frame involved? Could the hon. Minister can tell us how many firms were involved in the bidding process?

1.40 p.m.

Hon. W. Mottley: Mr. President, I do not, offhand, recall all of the major partners of ARA, but the leading partner is Mr. Lorne Dyke, a Canadian citizen. The second question was the time-frame. The study is now overdue, I think, by about a month or so. One of the major consultants, Mr. Greg Meredith, is now in Trinidad and proposes to have a wrap-up series of meetings with a view to presenting the plan within, hopefully, a fortnight from today.

I do not recall the numbers of all the companies who bid for the contract, but I can make that information available to the hon. Senator.

Sen. W. Mark: Mr. President, could the hon. Minister indicate whether the overrun—the fact that it has gone beyond a month and a half—whether the taxpayers

would have to take up any additional cost, or whether the cost is a fixed one involving Trinidad and Tobago and this particular firm operating through the IDB?

Hon. W. Mottley: Mr. President, I cannot say at this stage. I would have to have the benefit of the contract with me. But again, I could check that for the hon. Senator.

Sen. Prof. Spence: Mr. President, could the hon. Minister state how many of the 18 members of that firm were resident in Trinidad during the period of this study?

Hon. W. Mottley: Mr. President, I would imagine at least one dozen people were here at one stage or the other of that contract in different disciplines; sometimes architects, sometimes specialist hotel people, destination planners, etc. I, certainly, in my capacity as Minister, had dealings with at least one dozen different individuals of different skills.

Sen. Prof. Spence: That was not the question, Mr. President. I know that people came in and out. What I was trying to determine is how many people were on the ground.

Hon. W. Mottley: Mr. President, from my recollection I would say that there were at least three people here resident most of the time.

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

**Public and Private Sector
(Severance/Retrenchment Scheme)**

14. A. Could the Minister of Labour and Co-operatives provide the Senate with the list of companies in both the public and private sectors which have severed/retrenched their employees utilizing the various schemes such as Voluntary Early Separation Plan, Voluntary Early Retirement Plan, or Voluntary Early Termination Plan in the period 1991, 1992, 1993 and 1994?
- B. Could the Minister of Labour and Co-operatives further state the number of employees involved in these schemes, the quantum of money involved in each scheme and the quantum of money, if any, still owed to workers during the period 1991, 1992, 1993 and 1994?

The Minister of National Security (Hon. Russell Huggins): Mr. President, I beg to move that this question be deferred for a period of two weeks.

Sen. W. Mark: Mr. President, I would like to indulge you on this particular matter, because the Minister of Labour and Co-operatives came to this Parliament a few weeks ago and he requested a deferral of two weeks and we expected his answer today. Now the Minister is asking for another two weeks. I think that they are playing games with the Parliament and I protest.

Hon. R. Huggins: Mr. President, let me give the Senator the assurance that the Government is not playing games. Some of the information which is asked for in this question is not a necessary part of the ministry's function to have that information at hand. In order to deal with it, we have to go out and get the information.

Question, by leave, deferred.

Government Borrowings (Breakdown of)

- 24. Sen. Wade Mark** asked the Minister of Finance and Minister of Tourism:
- A. Could the Minister of Finance and Minister of Tourism provide a breakdown of the total amount, or quantum of monies borrowed by the Government during the years 1992, 1993, and 1994 on the following:-
 - (i) External Market; and
 - (ii) Internal Market
 - B. Could the Minister further state the amount of money the Government intends to drawdown, based on external loan arrangements for the period 1995 and 1996?

The Minister of Finance and Minister of Tourism (Hon. Wendell Mottley): Mr. President, Government's external borrowings over the period 1992—1994 amounted to US \$194.90 million in 1992, US \$249.98 million in 1993, and US \$302.25 million in 1994. Details of these borrowings are as follows:

	1992	1993	1994
	(US\$MN)	(US\$MN)	(US\$MN)
Commercial Loans	100.0	150.0	200.0
Multilateral Loans	62.53	89.75	87.10
Bilateral Loans	31.50	10.23	15.15
Other Commercial	0.87	-	-
TOTAL:	194.90	249.98	302.25

Oral Answers to Questions
[HON. W. MOTTLEY]

Tuesday, March 21, 1995

Despite these borrowings and the appreciation of the YEN, especially in the last few months, the external debt stock has been reduced as follows: -

1991 (US\$MN)	1992 (US\$MN)	1993 (US\$MN)	1994 (US\$MN)
2,438	2,215	2,096	2,063

Domestic Borrowings:

Government's borrowings on the domestic market amounted to TT \$389.9 million in 1992, TT \$404.9 million in 1993, and TT \$460.6 million in 1994, and are detailed as follows: -

	1992 (TT\$MN)	1993 (TT\$MN)	1994 (TT\$MN)
Bond Issues (Floating Rate Notes)	320.0	300.0	367.2
Project Financing Facilities	69.9	104.9	93.4
TOTAL	389.9	404.9	460.6

Government's project financing facilities include the FINCOR I and FINCOR II facilities and encompass a wide variety of projects across the country including schools, fire stations, port and airport improvement, cultural facilities, court houses, sporting facilities, waste water treatment, hospital and health facilities and so forth. It should be noted that the FINCOR I facility commenced in November 1998 and the FINCOR II facility commenced in August 1991.

Drawdowns on External Loan Arrangements in 1995 and 1996.

Government's debt management strategy encompasses a greater reliance on borrowings from the multilateral agencies which can be contracted at more concessional rates and at relatively less onerous repayment terms and conditions. Accordingly, drawdowns from the multilateral agencies are projected to amount to TT \$1,173.9 million in 1995, of which TT \$465.6 million is associated with the energy sector loan. That is, especially the refinery matter. Drawdowns in 1996 will depend upon the progress of implementation of the related projects.

No external commercial borrowings are programmed for 1995 and 1996.

Sen. W. Mark: Mr. President, could the hon. Minister indicate whether the extent of our involvement in external loans, amounting to about TT 4\$ billion over the last three years, is a very unhealthy situation for our economy? What

programme does the Government have in place to ensure that the future generation is not mortgaged to these loans commitments? Could he clarify that for us?

Hon. W. Mottley: Mr. President, the Government embarked on a deliberate strategy of refinancing, especially on its onerous debt service repayments over the peak years. Despite that fact, of these borrowings we have been able to reduce our external loan stock. This strategy has worked, in that without access to these funds, the extreme burden of repayments during those peak years would have so burdened the economy that the growth that we have now begun to see would have been prejudiced, and would have been extremely unlikely had we been forced to deal especially with the heavy repayments, all from our own resources.

1.50 p.m.

We chose this strategy over one of debt-rescheduling which would have had entirely unwanted consequences. We believe that the whole strategy has worked to the benefit of the country.

Sen. W. Mark: Mr. President, before Sen. Daly asks his question, I have two final questions: Could the Minister indicate what is the time-frame involved in repaying these loans both to the commercial and multilateral lending agencies, loans which we have enjoyed in 1992, 1993 and 1994? Secondly, could the Minister tell this Senate what steps are being taken by this Government to lobby the international donor agencies, organizations and countries to have a portion of our debt written off or reduced? What efforts are being made, having regard to the burden of that foreign debt commitment on the population of Trinidad and Tobago, at this time?

Hon. W. Mottley: Mr. President, the time-period of the loan repayments: These loans are of mixed sources and of mixed maturities, so that one would find, for instance, the most recent Euro-bond issue was for an unprecedented 10 years. That was not the case of the first few issues which were of five-year maturities. Most of the loans from the multilateral agencies are of even longer maturity.

All of these maturities and amounts are logged in the Ministry of Finance and at the Central Bank where we have a picture of our debt situation and it is managed from there. It is quite a complex picture and I do not have that information available to the Senate at this moment.

Let me say, quite confidently, that the country's loan management is being properly handled and I do not see the burden of debt of this country being a crushing one. In fact, the peak of debt-service is over—I should be careful there, because people may imply from that, that we are finished paying. What I am saying is that the peak is past and the burden of repayment is being reduced herein year after year.

Sen. W. Mark: I also enquired what steps this Government is taking to reduce our foreign debt commitment by way of write-offs and so forth?

Hon. W. Mottley: Mr. President, when we came into office initially, and during that period, 1991, 1992 and into 1993, we were at the height of our debt-service peak. We attempted and canvassed the international community to see if there was the opportunity of debt write-off. There was none. There was the possibility of rescheduling but that had grave effects for the possibility, especially, of attracting international capital and investment. Therefore, we did not pursue that line.

If, therefore, at the height of our debt-service and at the peak period of maximum depression in this country, there could be no write-offs, I would predict that the international community would not sympathetically view approaches at this stage for write-offs of Trinidad and Tobago's debt, bearing in mind all of our macro-economic circumstances.

Sen. Daly: Mr. President, would the Minister say, apart from debt-refinancing, what was the purpose of the external borrowing?

Hon. W. Mottley: Mr. President, for general development purposes. Most of the multilateral loans are tied to specific projects, especially capital projects. I would say that a very large part of our PSIP is so financed.

**Papourie Road Esperanza Village
(Development of Land)**

27. Sen. Everard Dean asked the Minister of Planning and Development:

Could the Minister please state:-

- (a) Whether planning approval has been granted to develop a parcel of land at Papourie Road Esperanza Village, San Fernando, and which was referred to on page 13 of the Annual Report of the Ombudsman for 1992?
- (b) If the answer to (a) is in the negative, would the Minister give the Senate the reason for the delay?

**Sir Solomon Hochoy Highway
(Planning Approval)**

28. Sen. Everard Dean asked the Minister of Planning and Development:

Could the Minister state:-

- (a) Whether those citizens whose lands, situated along the proposed extension of the Sir Solomon Hochoy Highway have been able to obtain full planning approval to develop their lands; and
- (b) If the answer to (a) is in the negative, would the Minister give the Senate the reason for the delay?

The Minister of Public Administration and Minister in the Office of the Prime Minister (Sen. The Hon. Gordon Draper): Mr. President, having discussed questions Nos. 27 and 28 with the hon. Senator, I seek leave to answer both questions at the same time since the information is the same.

Leave granted.

Sen. The Hon. G. Draper: Mr. President, in an oral response to questions Nos. 48 and 49 on the Notice of Questions Paper, 1993/94 Session, which was made on June 21, 1994, the Senate was informed that the extension of the Solomon Hochoy Highway had been identified as a priority project to improve accessibility to the south-west region in general, and the Point Fortin/Brighton/La Brea area, in particular, where major industrial development was soon to be undertaken.

The Government of Trinidad and Tobago had been unable to proceed with the construction of this extension to the highway in the time-frame that was originally intended due to lack of funds.

However, a source of funds has since been identified to advance the designs on this project. The Highways Division, Ministry of Works and Transport, has recently informed the Ministry of Planning and Development that work on the extension of the Solomon Hochoy Highway would commence during the first quarter of 1996 and procedures would be initiated through the Lands and Surveys Division, Ministry of Agriculture, Land and Marine Resources, for the acquisition of lands required for the first phase of the Solomon Hochoy Highway extension which would include the lands referred to in questions Nos. 27 and 28.

STRATEGIC SERVICES AGENCY BILL

[SECOND DAY]

Order read for resuming adjourned debate on question [March 14, 1995]

That the bill be now read a second time.

Question again proposed.

Sen. Rev. Daniel Teelucksingh: Mr. President, drug trafficking and related crimes certainly constitute one of the most critical problems which our society must continue to address expeditiously.

The drug menace is the cause of so much national and international anxiety, uneasiness and pain. Therefore, I think we should most certainly support the Government in any effort to rid our society of this deadly plague.

Senators in this debate have referred previously to the very disappointing and limited performance of our law enforcement agencies in counteracting the upward spiral of criminal activity.

2.00 p.m.

The present situation depicts a picture of helplessness, hopelessness, fear and uncertainty. We are a nation on the brink of disaster in terms of criminal activity, a nation in crisis pleading for some resolute action. Is there any hope beyond the approval of legislation?

Mr. President, a few months ago the Parliament gave assent to the Dangerous Drugs (Amdt.) Bill. Today, another piece of legislation pertaining to drugs and related activity occupies centre stage. Our collection of laws on crime control must be voluminous and impressive. If these are avenues for deliverance and rescue from the underworld, a tired and frightened society would ask: What is the result of their implementation? Why then all this law and talk at parliamentary and other levels? We seem to be making very little progress in this battle against crime.

Notwithstanding the amendments and the verbal assurances concerning the proposed Strategic Services Agency, given by the hon. Minister, for which we are grateful, I really hope that this Bill is more than mere window-dressing aimed at impressing our Washington friends or the big names in the Vienna Convention who are impatient and are calling on us for some purposeful action. If this Strategic Services Agency Bill is a strategic move to attract foreign aid, I would be most disappointed.

On the provisions of the Bill, allow me to express a few concerns, the most significant of which, though, has to do with accountability. I would be more comfortable to have this new intelligence unit, with its special powers and responsibilities, accountable, in the first instance, to someone such as the Commissioner of Police and not to a member of Government. I mean any government, at any time and in any democratic society. As I make this point, I do not question the integrity and the good intentions of the present Government, but what about the future?

Verbal assurances are good for now, but they hold no water in the future. We know of the destructive force of absolute power in the wrong hands. Explanations today might be useless in the future unless they are included in the legislation.

I plead with the Government not to be impatient with citizens who are suspicious of anything that has the face of a secret service. We know enough of the kind of authority intelligence units can take unto themselves.

It was at 12.30 p.m. today, while driving to Port of Spain, I was listening to one of those call-in programmes on Radio Trinidad and was most surprised to hear—I may never know this person—the man in the street talking this kind of language, putting together the kind of thought that came to me when I first read the Bill. He too was saying that he was suspicious of anything that looks like a secret service. Most amazing at 12.30 p.m. today, this thought was confirmed by someone I may never meet.

Mr. President, in March 1954—I am not superstitious, but this is March 1995—in Russia there was an intelligence unit within the Ministry of Internal Affairs in that country. That intelligence unit was removed from the ministry and transformed into a new independent agency called the “Committee for State Security” otherwise known as the infamous KGB. There are other examples of which we know.

I ask the Government to allow our people to ask their several questions and to express their fears about the proposed SSA which can evolve into a sort of political police. The history of political police is that it is responsible to no one except the government it protects, and it can be an instrument of terrifying efficiency and brutality. We hope that this would never happen in this country.

This Bill takes us into a new era, a new experience in police work, in that certain aspects of police work would be done by an organization other than the Trinidad and Tobago Police Service, not responsible to that service, and this calls for much caution. The question we need to ask about this proposed agency is:

Strategic Services Agency Bill
[SEN. REV. TEELUCKSINGH]

Tuesday, March 21, 1995

What are the checks and balances in the Bill to keep this intelligence unit out of governmental manipulation and control? Are we creating a Frankenstein which may later prove uncontrollable?

Since there already exists an Organized Crime and Narcotics Unit within the police service, then the most appropriate umbrella organization for the SSA ought to be the police service itself. Are we witnessing the creation of an independent and separate intelligence unit indicating that something is wrong with the way the police at present is handling the drug problem and we do not want to say it, but we want to avoid them?

I believe that it is best to concentrate on making the police service more effective rather than bypassing it with the new SSA. It may be a better way to use our limited resources by strengthening and further empowering our existing systems rather than establishing a multiplicity of organizations.

Another concern I have relates to, at least certain employees of the SSA in their interaction with the cleverly organized drug world and the accompanying risks and dangers of espionage. I hope the hon. Minister will answer this question: Will the agents of the SSA be allowed to carry firearms? The Bill is silent on this matter. For that kind of operation, I cannot see them with their pens and their computers.

Mr. President, I want to make a comment on the issue concerning foreign assistance in the war with narco-trafficking. I make the observation of that which has been making the news for several days now. By ourselves, we cannot effectively challenge the forces engaged in what the *Times Magazine* of July 1991 describes as the most lucrative commodity ever conceived by organized crime. That lucrative commodity is narcotics. The countries of the North, including the United States and Europe, with their growing insatiable demand for banned substances, seem to be doing very badly in their demand reduction programmes, and we in Trinidad and Tobago and in the Caribbean, are endangered as a conduit for drugs earmarked for their markets. Then could we respond to US Republican Congressman James Traficant and others in their condemnation in what they perceive as our poor performance in counter-narcotics efforts?

Within the past few days this nation has been internationally embarrassed and humiliated as being non-functional and inefficient in dealing with the narcotics problem. Of course, there is some truth in that but I wonder who is much more efficient? That is the question that bothers me, not the United States, England, France, or Germany. We can hardly direct anymore of our scarce resources to drug interdiction.

The truth of the matter though, is that as long as the North yearns for trade with Medellin and Cali, then, to our peril, the Trinidad and Tobago freeway will forever be busy.

2.10 p.m.

This is my response to the Bill in the US Congress which names Trinidad and Tobago. A recent United Nations publication on narcotics says:

“There is little evidence that traditional drug enforcement strategy used by the American DEA and other agencies have had any substantial impact on drug availability and drug abuse.”

Our geographical location as a very useful artery for the transshipment of drugs creates very serious problems for us in Trinidad and Tobago.

Therefore, I most respectfully submit that we must, as a nation immediately formulate a domestic policy aimed at the preservation and protection of our society and our people, so that the local market and street demand for narcotics in Trinidad and Tobago will be eradicated. That is very important. It is something that we need in this country. We certainly need sustained diligence in law enforcement; vibrant programmes in our schools, colleges, university, community centres, places of entertainment and the home. We must seek to protect our youth and our society from the world of drugs and its attendant criminal activity. Furthermore, the gun culture and the drug culture, so closely interrelated, have already shown the kind of terror they can release on any society.

As I close, my comment is that if the Strategic Services Agency can effectively and efficiently assist in our drug interdiction efforts, then, I would not stand in the way. I am expecting a very small compromise and this will suffice to give the Bill the green light that it needs. Amend the Bill to bring the SSA within the ambit of the police service and accountable to the Commissioner of Police.

Sen. Kamla Persad-Bissessar: Mr. President, I am very happy to see the hon. Attorney General here. He tells me that he is here to deal with any constitutional issues I may wish to raise.

History is replete with examples of organizations that have been set up and governments that suffer from paranoia, that they must investigate and know everything that is taking place in every part of the country at any given time, each day and night. History is replete with these agencies. Some time ago we spoke about the *Tonton Macoute* and the Mongoose Gang in certain islands. Sen. Capildeo has mentioned the SS, Gestapo and the KGB. All these agencies are designed to gather information for leaders.

Strategic Services Agency Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, March 21, 1995

We were very happy to get the assurance of the Minister that the SSA, was not a secret service nor a parallel police service. Indeed, he went far enough to say it was not designed to be any mongoose gang. When we examine carefully the clauses of the Bill, I respectfully ask the Minister to give us more than just assurances. The provisions within the Bill must protect us; the verbal assurance cannot be enough. The Bill itself, and therefore, what becomes law is what must protect us. When we look back at the words of the Minister he said that no new agency would be created.

Mr. President, permit me to quote from the *Trinidad Guardian* dated February 21, 1995. the Minister is reported to have said:

“The aim of the Bill was simply to put the Office for Strategic Services (OSS) which has been operating for a number of years on a firm footing.”

It is my respectful view that if this is so, and the aim of this Bill is to put the OSS on a firm footing, then we need to find out whether it is worthwhile to give statutory basis to this OSS by looking at it before we go into the clauses of the Bill. I am saying that if we are going to put the OSS on a firm footing by giving statutory basis by this Bill, then we first need to look at what is the OSS.

As the Minister of National Security stated when he made a statement on a comprehensive drug interdiction strategy in the other place the OSS dates back to April 24, 1992. At that time he was reported the day thereafter in the newspapers. He stated that research had shown that Trinidad and Tobago was a major drug transshipment point. He continued that the compelling indications of drug-related activities are supported more by intelligence than by arrests and court convictions. The question of intelligence was what was important.

He continued that the anti-drug trafficking effort was well co-ordinated with the elimination of inter-agency rivalry. It would eliminate duplication of effort and waste resources. The absence of arrests and drug seizures was attributable to weakness at the investigative level and a paucity of timely actionable intelligence. This comes from *Hansard* of the other place. This statement was made on April 24, 1992, between 3.50—4.00 p.m.

The purpose and function of the agency, that is to say the OSS—it was unnamed at that stage—was to focus on information gathering in every sense of the word, so the new strategies could be developed and information in respect of individual crimes could be passed to relevant operational agencies in order that they might make arrests. What were the terms of reference of that agency, as yet unnamed, that was to be set up? It was to develop an integrated drug interdiction

strategy; to co-ordinate the efforts of relevant other government agencies in the implementation of the strategy; to review current measures and programmes of the existing agencies with a view to proposing improvements in the short term; to develop a drugs intelligence information centre with material from international and national agencies using a computer network, and to develop a programme—this is most important because I will come back to it—against economic crime, that is money laundering and drug related corruption; to establish a unit to investigate suspicious financial dealings; to provide advice and assistance to other agencies investigating economic crime, and finally, to co-ordinate technical assistance from donor countries.

Thereafter, the OSS was set up at the end of 1992. The special advisor to the Minister of National Security, Mr. Lance Selman, was its Director. Financial intelligence and investigative units were also established in December 1992. Not long after, 1993, the Organized Crime and Narcotics Unit (OCNU) was set up in substitution for the anti-drug squad. Unfortunately, within a short period of time, it became apparent that these two units, the OSS and the OCNU, were not working effectively, either together or separately.

I want to refer to the Trinidad Guardian dated April 5, 1994 with the Headline: “DEA plenty coke passing through Trinidad and Tobago.”

2.20 p.m.

This article reported that according to the International Narcotic Control Strategic Evaluation Report of the United States, large amounts of cocaine were being shipped through Trinidad and Tobago. This report further criticised the law enforcement agencies in Trinidad and Tobago for co-operating more with US counter narcotics agencies than with one another. Remember this SSA will be co-ordinating all the agencies, and here they are being criticised for communicating more with the US counter narcotic agencies than with one another:

“This lack of co-operation is responsible, in part, for the poor results in interdicting drugs and arresting mid- and upper-level drug traffickers.”

Mr. President, I am quoting from that report carried in the *Guardian*.

By June 12, 1994, co-operation appeared to have improved, fortunately, in that the country’s largest drug haul—and I believe this is the same one the Minister referred to in his presentation last week—was carried out by Coast Guard officers on a vessel lying off Monos Island. This is reported in the *Sunday Express* of June 12, 1994. So that, things seemed to have improved at that time.

Strategic Services Agency Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, March 21, 1995

Again, the point that has been made in this Senate and in a number of places, is that it is all well and good to “bust” people and take in a haul, but it is even more important to prosecute them properly. So we come to another shameful—if we can put it in those words—occurrence when, in the *Daily Express* of August 6, 1994, the headline reads:

“Police lapse costs T&T \$4 million”

What happened there was that they had wrongfully charged a yacht owner and, as a result of that, they ended up losing \$4 million for the yacht they had seized. That is the report carried on August 6, 1994.

When that happened, in that same report, Mr. Selman, who was then the Director of the OSS, was quoted as saying:

“This was one of the most cut and dried cases you could find. It clearly demonstrates the need for us to have policemen more aware of the provisions of the Dangerous Drugs Act which provides for assets forfeiture.”

So, the OSS had done its job, but then what had happened was that the wrong charges were laid.

Mr. Selman further expressed concern and it was reported in this article that the office of the DPP was not more closely involved and had left the charges up to the police. This is why we welcome the step that has been taken to have an attorney attached to the DPP’s office. I see that it has been making the news headlines for the past week. It has become increasingly apparent that much more needs to be done.

I am looking at the background of the OSS because we are saying that we would like to put the OSS on a firm footing by giving it statutory basis. The question is: Do we really want to do that? We can come to a conclusion when we look at what has been happening with the OSS.

In an article in the *Sunday Express* dated January 29, 1995, which is very recent, the headline is:

“In-fighting paralyzes narcotic squad”

The article indicates that the OCNU is staffed with poorly trained police officers; it functions in a rat- and cockroach-infested building; that information is not passed by the OSS to the OCNU but to the DEA instead, and to add insult to injury this operational unit feels it suffers because its undercover officers are working with .38 revolvers with crack barrels instead of .9 mm magnums, which are the new units that are being provided.

This article goes further and indicates that as at January, 1995, the existing OSS was not doing a very effective job, either of providing intelligence to operating units or co-ordinating the efforts of the other governmental agencies in the fight against drug trafficking. This is the OSS that we want to give firm statutory footing.

It is against this background then, Mr. President, that the Minister is now piloting a Bill to make this OSS a statutory body. With the greatest respect to the Minister, on the explanation that he gave to us at the last sitting in response to the question from Sen. Diana Mahabir-Wyatt as to why we need to legislate, I respectfully say, "Mr. Minister, I am not satisfied with those explanations" Perhaps he can give us some further answers when I point these factors out to him.

In his response to Sen. Diana Mahabir-Wyatt's question last week, the Minister stated firstly, and I quote from the *Hansard* between 2.00 and 2.10 p.m.:

"We feel it is necessary because there are certain matters which can be dealt with only if there are legislative provisions."

The Minister then went on to give three examples why it is necessary to bring this legislation. The first example he gave was:

"... one of the concerns we have always had with the operation of the agency as it presently is in the Ministry of National Security is the question of dealing with breaches of confidence, where information comes into the agency and some employee divulges this sensitive information."

So the first example that he gave of what the legislation is seeking to correct is the question of breaches of confidence. I do not wish to repeat but can only agree with what Sen. Daly said on the last occasion. There is an oath of secrecy, but what are the sanctions? Are we serious when we say that we are legislating for this OSS by bringing this Bill and are seeking to deal with this serious issue of breaches of confidence and all we have done is splice in an amendment to an oath of allegiance without putting in any sanctions? That is not good enough and it is not a proper explanation of why it is necessary to legislate for this OSS.

I continue because the Minister gave a second example. That was with respect to the transfer of persons to the OSS out of the ministry. The Minister said:

"We have situations where people have been assigned from the Ministry of National Security, the general administration, to the OSS, because they possess certain qualifications, and within three or four months of their being assigned

Strategic Services Agency Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, March 21, 1995

on a particular project, they have been transferred by the Public Service Commission ... despite protest.”

In other words, he is saying this is a problem—this transferring out of the OSS after they have come in. So we need to legislate. Now we are putting in the provisions and the provision that has been put in is in clause 7, which provides for secondment of officers from the public service or by virtue of the amendment which was put in last week for police officers.

It is interesting to note here that, unlike the provision for the director who can be reappointed at the end of a five-year period, there is no provision for reappointment with respect to officers who may be seconded under this clause. It begs the question as to the usefulness of these persons who have been seconded, after the five-year period. Perhaps, the Minister can clarify that for us because he is saying that this legislation could help correct this transferring of people. If they are being seconded for a limited period only, what happens to them at the end of that time?

The hon Minister gave us a third example when he said that we need this legislation. The third example in response to Sen. Diana Mahabir-Wyatt’s question was:

“... there is also the difficulty in assigning police officers to the OSS because even as established by legislation, there would be need to assign certain police officers, probably from the Organized Crime and Narcotics Unit, to work within the organization.

2.30 p.m.

There is provision made in the legislation for that, but as it operates now—that is, with the OSS before this Bill—administratively, there are problems. Having been assigned there to assist in a particular matter they are told that they are not really under the jurisdiction of an appropriate senior police officer who can report them to the Promotions Board. However, once again, this Bill says nothing whatsoever about promotions during the period of secondment, so the Minister has identified this as an example, as to why we need to bring legislation. In my respectful view, the legislation has nothing that deals with that point. I do not see then how the Bill will rectify that. At the end of it those were the three examples the Minister gave in seeking to answer the question as to why we need the legislation.

When we look at it and see that the Bill does not deal with those things, one is left to wonder what is the real reason for bringing this Bill to this Parliament. Does it have anything to do with the war against drugs and crimes? Or, does it have anything to do—with the greatest respect to the hon. Attorney General—with his statement of yesterday's *Trinidad Guardian* on page 1. If the *Trinidad Guardian* reports him correctly it says:

"...focussed on the Security Services Act (SSA) which, he added, will allow TT to ratify the Vienna Convention..."

What is the purpose of all this? Is it that we must rush off to show international agencies, "Look we are taking steps?" It becomes very important because I remember in the Senate on the whole issue of money laundering when the Dangerous Drugs Bill—which has now become law—came before Parliament, the whole issue of drugs and the rush about it was to ratify. In rushing to do that we are letting things go and we are slipping. In the Dangerous Drugs (Amdt.) Bill—Mr. President, permit me just briefly to refer—my concern then was on the issue of money laundering. After the Minister was reported to have said that there would be mandatory provisions for disclosure from the banks, we raised the issue here that mandatory disclosure was not voluntary disclosure. When we come to this Bill, again, we have to wonder whether there is a watering down of that attack on money laundering. The Minister himself seemed very concerned—and I share those concerns—when he said, and I quote:

"Another important aspect of the drug trade which has achieved great prominence in recent times, is the laundering of the proceeds of drug trafficking; the difficulty of legalising vast volumes of illicit cash by introducing them into the legal system has been recognized and is, perhaps, the Achilles' heel of drug traffickers. The focus on money laundering has resulted from the recognition of its debilitating effects on legitimate business activity and the economy of a country, as well as the damage to the integrity of the financial system."

These were the words of the Minister of National Security when he spoke on this Bill last week. With the greatest respect to him, whilst I agree with all that, that the money laundering problem is a really serious one, all this would remain just high-sounding rhetoric and hot air in the context of this SSA Bill. When we examine the only clause in this Bill, which, in my respectful view appears to be dealing with the problem of money laundering, we would see why it would remain hot air. Again, it appears that there is a watering down of an attack against money laundering.

Strategic Services Agency Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, March 21, 1995

I refer to clause 6(2)(a) which, if we follow the Government's amendments, would become 6(2)(c). It says:

"In addition to the aforementioned functions, the Agency shall—

- (a) provide a central point for the receipt of all disclosures made under the drugs legislation and develop such disclosures through the intelligence process and disseminate to the appropriate law enforcement agencies for further action;"

In my respectful view, the disclosures from the banking sector and the financial institutions under the dangerous drugs legislation, one assumes, are referring to money laundering. What is missing in this Bill, whilst it makes for the gathering of information, is requiring this SSA to set up an internal unit to do follow-up investigations into the reports of suspicious financial transactions. In other words—this is why I want to refer back to when I started—the remit of the OSS, was to deal head-on with the question of economic crime; the question of money laundering. Their remit was to establish a unit to investigate these things. Why is it that under this SSA that has been left out? There is nothing. One gathers the information but no follow-up investigative work; so that the SSA will have only the advisory and the intelligence providing role, but not that follow-up investigation that the OSS had been empowered to do.

Indeed, it really begs the question as to whether the minimal steps that were taken with the OSS with respect to money laundering are now being watered down—left out of this SSA Bill. The real question then that will remain if that is so, and if this remains as it is, is: Who is going to do the highly specialised financial investigations? If it is not the SSA, who would do it? It most certainly cannot be the OCNU to carry out that task given the constraints that we have already mentioned. The report that we quoted from—"In-fighting paralyzes the narcotic units".

It goes further. Here we are; we gather all this information, but there again the Bill has no provision for monitoring what happens to the information. What happens to the disclosures from clause (6)(2)(a) or any of the information that is gathered? The SSA may very well find that it is passing on excellent intelligence reports, excellent information on money laundering to the other agencies which have neither the training nor the motivation to use this.

It is even worse—this point was raised in some regards by my colleague, Sen. Capildeo—When we look at the 1995 US *State Department International Narcotics Control Strategy Report*, not the 1994 one, but March, 1995—at page 190 of that Report under "Corruption"—Sen. Capildeo mentioned this—it says:

"Unsubstantiated rumours regarding corruption have mentioned ministers, politicians, judicial and law enforcement personnel at every level; however, no investigations have been initiated. Structures to deal with corruption issues are either not in place or non functional."

This is March 1995, this is not the report for 1994. It goes on:

"News reports uncover questionable occurrences but rarely extend to in-depth follow-up. Alleged police drug pay-offs identified by a 1993 Scotland Yard team have not been pursued by police management because of jurisdictional questions. Scotland Yard's report did not include fully developed cases because of non-co-operation from police management. Lower-level law enforcement personnel have been convicted of stealing weapons and ammunition."

On the issue of corruption it becomes more important. What happens with the information when it is gathered, if there is nothing in the Bill with respect to monitoring the disclosures made and the information that comes in? If it is so, and the alleged corruption that we keep hearing and reading about does exist, and this information is passed on to these alleged corrupt officers, what is going to happen with it? There will be no mechanism to ascertain whether it has been used, whether it has been followed up, whether any prosecution has been brought from it.

Mr. President, with your leave, I will be proposing an amendment to this clause 6(a) to take up these points that I have been making with respect to the whole issue of money laundering. The list of amendments should be circulated shortly and we will raise that at committee stage.

2.40 p.m.

Certainly, there must be monitoring of the information; when disclosures are received and are sent out to the various agencies, what happens at that point. Perhaps, the Minister can tell me what is meant by "feedback mechanisms" indicated in the amendment; if those feedback mechanisms are considered to be the monitoring process which will take place under this Bill.

There is also another problem—and this picks up what Sen. Rev. Teelucksingh said—in that the OCNU is a police operational unit; in theory, it is under the command of the Commissioner of Police. If they are not carrying out their functions correctly, the Commissioner of Police would have to ensure that they do so. Under this Bill, the SSA is answerable to the Minister of National

Strategic Services Agency Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, March 21, 1995

Security. Their complaints about the OCNLU not following up on information fed to them will be reported directly to the Minister of National Security. If the Minister of National Security—to whom the Commissioner of Police ought to report—issues orders to the Commissioner of Police based on complaints from the SSA, in my respectful view, this would do nothing to enhance the relationship between the Commissioner of Police and the other co-ordinating agencies in the fight against drugs. There will be two persons feeding in information.

Sen. Daly has raised this point. How would an SSA be set up in this manner to co-ordinate all these agencies? Would the SSA issue instructions to the police officers, to the OCNLU? It cannot do that! When one looks at the functions of this Bill, that is what it is envisaged they would be able to do. One can co-ordinate if one has some kind of control over the units that are being co-ordinated. I cannot co-ordinate anything taking place on this Bench with my Members unless we have some kind of relationship that allows co-ordination. Can the SSA tell police officers or custom officers what to do? Therefore, it cannot co-ordinate anything. Mr. President, sometimes we need to rethink what we are doing.

As Sen. Rev. Teelucksingh said, there is much information which has been gathered. One will be surprised to know that there is much information gathered about the police service and the administration of justice. I asked the research staff and I am very grateful to them for getting this to me very quickly. There are reports on the police service. What is being done with all this information? Would the SSA be gathering all this information and have it all stockpiled there? What would be done with it? Some of the reports on the police service are as follows:

Lee Committee Report—1959

Report of the Working Party on the Role and Status of the Police Force in the Age of Independence—December 1964

Darby Commission Report—October 1964

Carr Committee Report—1972

Bruce Committee Report 1984

Police Executive Research Forum Study—September 24, 1990

O'Dowd Report—1991

The O'Dowd Report of 1991 has stated that very few, if any, of the recommendations of the Darby Commission were actually implemented.

Mr. President, permit me to quote from the O'Dowd Report, dated May 1991, which states on page 2, paragraph 1.2:

“At the commencement of this project the review team questioned the non-implementation of the majority of the well-reasoned and consistently appropriate recommendations contained in the Darby, Carr and Bruce reports. It seems that every seven years or so, during the last three decades, attempts have been made to reform the police service with only limited success.”

Every seven years another report comes along but nothing is being implemented. The same thing with respect to the administration of justice.

The point I am making is that we want to set up an SSA to gather information and our history is that we have gathered so much information and it is all sitting on shelves gathering dust. Reports on the administration of justice are as follows:

Report on the System of Administration of Justice in the Colony—1956

Report of the Commission of Enquiry into the working of the Magistracy St. George West—1973;

Report of the Commission of Enquiry into the Machinery and Administration of Justice in each of the magisterial districts of Trinidad and Tobago—De la Bastide Report—1975;

Report of the Commission of Enquiry into alleged widespread disaffection among magistrates—July 1977;

Judicial Inquiry Commission—1982;

Report of the Review Team appointed by Cabinet to advise on systems to reduce existing delays in the Administration of Justice—Gurley Report—June 1992;

Advisory Commission on Crime headed by Sir Ellis Clarke—July 18, 1994.

We have yet to see a copy of the Advisory Commission on Crime Report. I understand that it is somewhere. There have been several reports on the administration of justice in the press. Very recently I noticed that there was something else to be set up on the magistracy. I would be very grateful if the Minister or the hon. Attorney General could tell us what is happening with all this information.

When we spoke here recently about the administration of justice, Sen. Draper was asked what was happening with the Computer-Aided Transcript. Despite

Strategic Services Agency Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, March 21, 1995

what he said on that occasion, up to today the judges in the High Court in San Fernando are still taking their notes by hand. Sen. Daly will tell me what is taking place in Port of Spain.

Mr. Sobion: I will tell you.

Sen. K. Persad-Bissessar: I shall be grateful if the hon. Attorney General could tell us. Last December when we raised this point, we were told things and we felt that something was going to happen, but months later we are standing here saying the same thing. Sen. Daly has just pointed out to me that, as stated in the *Trinidad Guardian*, witnesses are now fighting in the court room. So that the witnesses would get lick up, the lawyers would also get lick up and then the judges would get thrown out. Something has to be done! It has gone far enough! This SSA Bill wants to gather more information, and do what with it? No proper further follow-up investigative work. No proper monitoring mechanism within it.

Mr. President, there is another issue which is cause for concern. On numerous occasions I had cause to point out what I refer to as inadvertence in drafting. It is sloppy drafting. As I have said before, please proof-read the Bill before it is tabled in Parliament. I cannot believe that is what is intended at all because it is ludicrous to imagine. I quote clause 6(1)(j) formerly (e):

"6. (1) The main functions of the Agency are to:

- (e) co-ordinate and identify links between individuals and organisations involved in the drug trade;"

Will the agency co-ordinate links between individuals and organisations involved in the drug trade? Surely, that can never be! You cannot co-ordinate links. Mr. President, that is just one of them—there are others.

2.50 p.m.

Mr. President, with the greatest respect, I have been trying to make sense out of what appears to be nonsense with respect to the amendments being proposed with respect to clause 5. We have been asked to re-number clauses 3 and 4 as 2 and 3 and delete subclause (2). So if we can, please, look at clause 5 of this Bill, we are being asked to re-number 3 and 4 and delete subclause (2). Clause 5(2) states:

"The Agency shall obtain the prior written approval of the Minister when assigning an annual salary for any post exceeding one hundred and twenty thousand dollars."

We are being asked to delete that and I see the hon. Attorney General is agreeing; but when we come to the clause thereafter, which we are now going to renumber as 5(2)—the existing (3):

"The Minister may, by Order, alter the limit stated in subsection (2)."

But you have thrown out (2), so what is the point of keeping that? Is the intention to throw out that, as well? Please let us know. I know that this came to us two minutes before the sitting on the last occasion so, perhaps, they were rushed, but what does it mean? Is it that they want to move it out completely, or is it an error—that they do not plan to move subclause (2) of clause 5. Are we keeping subclause (2) or are we deleting it? Please let us know.

This raises a question here. If it is that they do want to remove sub-clause (2)—and I hope the Minister can explain this—why is it that the Government is now saying that there is not going to be a ceiling for the director's salary? Is it because they have now said that his remuneration will now be fixed by the President, as set out in their amended clause 4(3)? Or is there some other reason that they do not want us to know what is the ceiling being set on the director's salary, Mr. President? This same formula that they now want us to delete from the Bill was the formula used in the Regional Health Authorities Bill, which is now Act No.5 of 1994—that same formula for setting the ceiling and then giving the Minister the power to vary it. So please tell me what is going on with that. I cannot understand. It does not seem to make sense at all.

With respect to the amendment proposed, clause 6(1), Mr. President, again with respect to drafting, this one must obviously have been through inadvertence. We are being asked to renumber in clause 6, paragraphs (b) to (j) as (g) to (o); and we are being asked to delete the existing paragraph (a) and insert a new paragraph (a). When we do all of that, we end up without any paragraph (f). It is just a minor matter. Perhaps they will want to reword what they are requesting us to do. We will get from (a) to (e) and then (g) to (o). There is no (f).

Just one other comment on the drafting of this Bill, Mr. President. The Minister indicated that, since 1992, it has been his intention to bring this legislation but, again, all these—Mr. President, clause 6(2) of this Bill. Why has it been necessary—through you, Mr. President, I ask the Minister—to draft in this ludicrous manner? There is clause 6, then a bracketed (2) then letter (f); then (ii); then capital letters A, B, C and D. Why? If I have to refer to a clause, I will have to say clause 6(2)(f)(ii) (A), (B), (C), or (D). Why is it so cumbersome? It is a simple matter, Mr. President, but, with respect, perhaps the drafting could have been tightened there.

Strategic Services Agency Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, March 21, 1995

Mr. President, on those points with respect to the drafting, before I take my seat, perhaps you will permit me—there is another area of concern, with respect to this proposed Agency, which has to do with the staffing of the SSA. Mr. President, I am a little concerned—and the hon. Attorney General says that he will answer constitutional issues. Here it is, we have persons who would be seconded from the police service, from the public service, from the service commissions established by the Constitution, and seconded to the SSA.

Mr. President, what is their status and the status of the constitutional provisions of those officers who are now seconded? They are now being taken out of the ambit of the service commissions completely. There is another point, Mr. President, and that is to say that police officers who are seconded, are now going to be placed under the direct control of the Minister of National Security, whoever may hold that office today and in future—that office.

The Constitution has been framed in a particular kind of way so that there is no direct control given to a politician over the enforcement of services. This Bill, if it becomes law, will be putting police officers under the direct control of the Minister of National Security—as it were, under the control of the politician—and that is where the question of abuse may arise, with respect to the Minister—not this Minister. That is why, within our constitutional framework, we have not had that kind of situation. There has always been some impartial body which will—in a sense, answering Sen. Rev. Teelucksingh's question about what are the checks and balances—give the checks and balances. In the case of the police service, the public service, there are the commissions. So I am very concerned about that and I would hope that the hon. Attorney General, through you Mr. President, would clear up what will be happening with these constitutional provisions where police officers are being put under the direct control of a politician—the Minister of National Security. It becomes very, very crucial for that to be answered. Because if this SSA, in its investigations, in its gathering of information, should uncover information about the politician, about the Minister of National Security; about any of the "Smokey and Bunty gang" or about any of their cohorts—if the SSA uncovers that and then reports to the Minister of National Security where are the checks and balances? Is there not the danger that this information can be easily put under the carpet, Mr. President?

That is the whole issue and it is very, very crucial and I would respectfully ask that it be answered. What are the checks and balances to prevent that kind of abuse? As Sen. Rev. Teelucksingh himself has said, I will say again, I mean no disrespect to the Minister of National Security nor to his office, but this is a case

for any politician who holds that office. If the SSA, which reports to him directly, gathers information about him, to whom is he going to give it—to the Minister? The politician?

Sen. Hosein: It will go in the shredder!

Sen. K. Persad-Bissessar: We are proposing an amendment in the list to be circulated shortly, that we hope would in some way help to counter those fears we have expressed, in terms of checks and balances, by setting up an impartial body—a body that would in some way, we hope, be independent and not biased.

There is one other point, Mr. President, if I may be allowed to raise that—

Mr. President: The Senators speaking time has expired..

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

Sen. K. Persad-Bissessar: Mr. President, I will not be very long.

I now deal with the functions of the SSA, which are set out in enormous detail in the amendments circulated—the functions in clauses 6 and 7 of the Bill. Now it is important, I think, to point out that since this Bill was laid in the Senate in February, 1995 up to the sitting last week, in clause 6(1)(a) the functions of the SSA—its main function was to:

"collect, collate, evaluate, analyse, develop and retain information and intelligence in respect of drug trafficking and other related crime and major participants or suspected participants in such crime nationally and internationally;"

Mr. President, in my respectful view, just before the sitting on the last occasion, a list of substantial amendments to the functions of the SSA was circulated. With the greatest respect, Mr. President, up to the end of the sitting and days thereafter, these were still being reported as the objects of the SSA—to collect, collate, evaluate and analyze—when the proposed amendment is to strike that out completely! What it proposes to do is to insert clause 6(a) to have the functions of the Agency include: acting as a central office for the suppression of illicit drug trafficking and drug related matters; for co-ordinated operations for the suppression of such traffic; for co-operating with the corresponding services of other countries; and in addition in clause 6(2), two new clauses are proposed to be inserted. These are to give the Agency the function to take action against illicit traffic.

Strategic Services Agency Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, March 21, 1995

Now these amendments, in my respectful view, take the SSA onto an entirely different footing from being an intelligence agency, as it were, into an agency that will be in the realm of drug interdiction. Sen. Daly has dealt with some of this, Mr. President, and support that view because now we are seeing that the SSA can take action; can co-ordinate services, including police, customs and so forth—and I do not want to repeat too much of what Sen. Daly has said—but the point is the SSA cannot do that. Given our law in this land, as it stands now, it cannot do that.

Even if it were to be put into this Bill now, the SSA cannot, in my respectful view, act as a central office for suppression of illicit drug trafficking; for co-ordinating operations for the suppression of illicit. How can it co-ordinate? This is merely an intelligence agency; it is not a law enforcement agency. It cannot give, as I said before, directions to police and customs to tell them what to do—to co-ordinate them. It cannot, in my respectful view, take action against illicit traffic with the services. It cannot do any of these things; and in the amendment that is proposed to clause 6(1) and (2), this is what has been introduced just at the eleventh hour. Fortunately, we must be grateful to Sen. Daly that he picked it up in those few moments and he did attack this very strenuously. It cannot be done. This is not an interdiction agency. These clauses have to be deleted from the Bill, Mr. President.

Finally, clause 13 of the Bill, which requires the Minister to lay an annual report on the operations of the Agency. It is not clear who is to draft the report. One assumes from the wording that it is the ministry, rather than the Agency, which is to produce the report; and perhaps this can be clarified. But what is important is that there is no requirement that this report should be debated within a specific time of its being laid in the Parliament, and we shall be proposing an amendment to that effect. So that it is not just that this report is to be laid in the Parliament and that is it—it must be debated in the Parliament.

Similarly, with respect to clause 14, the Minister will make regulations. Mr. President, that is not good enough. I think time and again it has been said that the regulations should come with the Bill so that we can see what they have in mind. Because all that they have probably left out of the Bill, they may try to splice into the regulations. It is going to come to Parliament but, in our respectful view, it should be subject to the affirmative resolution of Parliament, so in that way we will have to see it, speak about it and decide whether those regulations should remain within it.

Mr. President, I want to make it very clear because it has been said over and over again—I live in this country just like anyone else; the Opposition Members,

like anyone else, live in this country and we are frightened too—crime is also our concern. I want to make that very clear, because each time we stand in this Parliament and speak about our concerns with respect to the legislation that is being brought, we are branded as people who are against the legislation. We are saying that we are against crime, but we are being branded as obstacles to the legislation.

Mr. President, when we stand in this Parliament, we legislate not for today or tomorrow only; we legislate for the future; and that is why if there are things in the legislation that need changing, then we must say so. We cannot get up and support legislation when we look at the difficulties and have pointed out the concerns we have raised about the SSA in its present form. If it is that an SSA can go towards solving the crime and drug problem, the Opposition has no difficulty with supporting it. But please bring it in an acceptable manner; bring it in a manner that will not leave it open to abuse, Mr. President. To say, then, that they must get rid of the Opposition because the Opposition is obstructionist and they see us as obstacles, Mr. President, is not to understand—I am sorry—

Mr. President: Senator, I do not think that came up in the debate.

Sen. K. Persad-Bissessar: Well, Mr. President, it may not have come up in the debate, but it is a concern that they say we are obstructionist. I would like to make the point that that is not necessarily so; and it is far from the truth. We will support legislation on crime—this Bill, Mr. President—if it is brought in a proper manner.

I thank you very much.

The Attorney General and Minister of Legal Affairs (Hon. Keith Sobion): "Hysteria", Mr. President, [*Laughter*] is defined in the *Shorter Oxford Dictionary* as meaning—

"a functional disturbance of the nervous system characterized by anæsthesia, hyperæsthesia, convulsions and usually attended with emotional disturbances or perversion of the moral and intellectual faculties."

Mr. President, I started off with the word "hysteria" because I did not want to disappoint Sen. Daly and some of the other Senators on the other side. Time and time again I have raised the question about the situation with respect to crime the role of the lawmaker and the need to guard against hysteria. I think Sen. Daly, in particular, does not understand what I mean when I say that. So I thought I should demonstrate it from the outset.

Strategic Services Agency Bill
[HON. K. SOBION]

Tuesday, March 21, 1995

Mr. President, if one looks at the *Hansard* report in Sen. Daly's contribution on this matter on the last occasion you will find the following statement and I quote:

"Then they trot out this..."

referring to the Bill—

"...and say this is part of what we have done. Is this going to stop somebody chopping up their wife and children? Is this going to stop somebody going into a house in Westmoorings in the middle of the day and chopping up innocent people? Is it going to stop bandits gunning down each other in the streets? Is it going to stop the fact that one can go in broad daylight, gun someone down outside the medical clinic and nothing ever happened?"

Clearly, Mr. President, the answer is no.

3.10 p.m.

The Bill is not designed for that purpose, so to make that leap from looking at the provisions of the Bill and suggesting that it is not going to achieve these objectives, tells me something about the definition of hysteria that I have just read.

When one looks at statements such as "all of murder is wrong", "all of it is senseless", "all of it makes one want to vomit", then again I refer to the definition of hysteria and the concept of convulsions.

Sen. Daly: Does the Attorney General have descriptions of "sober" and "sobriety" with him?

Hon. K. Sobion: Mr. President, the question of hysteria I have tried to link to the arguments which are raised, starting with a base set of facts and coming to a conclusion which cannot be logically made.

Quite clearly, Sen. Daly has looked at a bill which deals with a co-ordinating agency for the gathering of information and suggests to this Senate that it will not achieve objectives which it was clearly not designed to achieve. That is the point that I make when I say that in the conduct of our role as lawmakers that we do not only consider—I do admit that we live in a society where the media tends to sensationalize matters, but when we are considering serious matters such as these, I feel very concerned when there is that kind of statement and emotion coming out of the debate.

The other matter which was raised as a preliminary thing which I feel I ought to dispose of, is the question of the INCSE report. There have been a lot of statements and I suspect that most people have not read the INCSE report and I think it might be important for the record to deal with what is contained in the INCSE report. In the report of 1995 at page 189, in giving its summary about Trinidad and Tobago, the report said:

"Trinidad and Tobago (T&T) serves as a drug transshipment point, produces some marijuana, and has been used for limited money laundering. In 1994 public reaction to rising crime—much of it narcotics-related—led the Government of Trinidad and Tobago (GOTT) to undertake a number of improvements in public security and law enforcement. The GOTT amended the Dangerous Drugs Act to bring the country's laws into conformity with the 1988 UN Convention which it plans to ratify in 1995. Coordination among law enforcement and counternarcotics agencies has improved, but allegations of corruption persist."

For the record as well, Mr. President, the Vienna Convention was ratified on February 9, 1995 and there was a misquote of what I said in the *Guardian* article referred to by Sen. Persad-Bissessar.

Sen. Persad-Bissessar: Mr. President, hon. Attorney General, was the misquote in the report or in what I said? Was it in the report itself?

Hon. K. Sobion: In the report of the *Trinidad Guardian* which purported to report a statement that I made. What I said at that time was that this Bill would aid the Government, having ratified the 1995 Vienna Convention, in fulfilling its obligations under that convention and the Dangerous Drugs legislation.

Again, reading from the INCSE report at page 190:

"The GOTT manually eradicated 783,024 marijuana plants and destroyed 2.1 metric tonnes of cured marijuana in 1994. There have been no asset seizures initiated under the 1991 Dangerous Drugs Act..."

I will deal with that at a later stage.

"...nor has there been progress on several outstanding extradition requests. Shared drug intelligence resulted in seven significant international drug interdictions. Distribution networks in T&T were somewhat disrupted by the arrests and, in a few instances, the gangland killings of a number of traffickers.

Strategic Services Agency Bill
[HON. K. SOBION]

Tuesday, March 21, 1995

The GOTT has assigned a law enforcement agency to design a monitoring/regulatory system for precursor chemicals which will be regulated when the Dangerous Drugs Amendment is put into effect."

That is part of the function of this Security Services Agency. The report continues:

"A seizure of 226 kilograms of cocaine was made by the T&T Coast Guard in June from a pleasure craft. T&T authorities hope this case will be the first in which the law's asset forfeiture clauses are applied. In Florida, 2.4 metric tonnes of cocaine were interdicted as a result of intelligence generated in T&T. Another seizure netted 1,066 kilograms of marijuana. In the first ten months of 1994, GOTT law enforcement agencies made 539 cocaine-related arrests and 960 arrests related to marijuana."

I read this, Mr. President, because one gets the impression that statements are pulled out of context in this report in order locally to paint the administration and the law enforcement agencies in a bad light in respect of crime generally, and drug trafficking in particular. The report, in my view, having reviewed it for what it is worth, paints a very positive picture of the work that has been achieved by the administration and the law enforcement agencies in the period of 1994.

To return again to the concern about the crime situation. This Bill was put in that context by more than one speaker. It was put in the context where persons were expressing their grave degree of disappointment and disgust. I am going to advance some figures, not with a view to suggesting that everything is all right, but with a view to attempting to remove, if only partially, the overly negative picture that is sometimes painted.

I have with me the criminal statistical records for 1993 and 1994. These are records which are compiled by the Commissioner of Police and they deal with 11 categories of serious crime—really 10 categories and one omnibus category of 'other serious crimes'. If one analyzes the statistical record for 1993 and compares with the figure of 1994, one would get a completely different picture from that which some people seek to paint. There were marginal increases in five of those eleven categories and one of which we will see is the non-violent category.

Murders—there was an increase between 1993 and 1994 from 111 to 136. Felonious woundings—there was a decrease from 608 in 1993 to 515 in 1994. Serious indecency—there has been a decrease from 87 to 66. Rapes, incests and other sexual offences—surprisingly, a decrease from 284 to 257. House Break-ins—a decrease from 8,419 in 1993 to 7,578 in 1994. Robberies—a decrease from

4,923 to 4,581. Fraud, forgery, embezzlement—this is the non-violent category—an increase from 332 to 434. Larcenies—slight increase from 2,743 in 1993 to 2,826 in 1994. Larceny from the dwelling house—marginal increase from 355 to 357 in 1994.

3.20 p.m.

With regard to dangerous drugs, there was a marginal increase from 10,080 to 10,090. Other serious crimes, in the omnibus category, there was a decrease from 806 to 780. The overall total serious crimes show a decline of just about 1,000.

Now these figures may not of themselves be comforting, but they tell you that if we continue to pursue action in a concerted way, we can get the upper hand over this crime question. I think, far from saying that the administration has done nothing, that the law enforcement agencies have done nothing, I think it is fair to say, based not only on the report that has been bandied about, the INCSE report, but also based on the figures compiled and provided as a comparison between 1993 to 1994, that there has been some pegging back of the criminal activity.

If we continue to build these blocks which we have set out to build, I am sure that with that concerted effort, at the end of the day, we will achieve something. In fact, the INCSE report also refers to the passage of the Dangerous Drugs (Amdt.) Bill, 1994 and subsequent ratification of the Vienna Convention—it goes on to say this:

"Those circumstances will provide a significant milestone in the government developing its counter-narcotics master plan."

These foreign experts who prepare these things understand. The Minister sought to outline in his opening how it is necessary to build around existing agencies in order to ensure that there is co-ordination in the implementation of the bits of legislation and administrative actions which are taken.

We feel that this Bill, following fast upon our passage of the Dangerous Drugs legislation, and upon our ratification of the Vienna Convention, provides the further added ammunition which is necessary for us to proceed in relation to drug trafficking matters. To put the Bill in its context, that is all that this piece of legislation is intended to achieve. It is not intended to achieve any mongoose gang or any secret police agency or any such thing; it is intended as a follow-up, as part of the building blocks which the Ministry of National Security and other agencies have identified as being necessary in combatting the drug trade. That is all it seeks to achieve, and all we hope to achieve by this piece of legislation.

Strategic Services Agency Bill
[HON. K. SOBION]

Tuesday, March 21, 1995

The suggestion was also raised in the debate that the Government speaks of moving legislatively and administratively. The view was expressed that this appeared to be some sort of attempt to gloss at the efforts which the Government had made in relation to these matters. One even got the impression that Senators who sit here were not even aware of the measures that the Government had taken thus far. I think, perhaps, that it is opportune to refer to some of those matters for yet another time.

Administrative action which had been taken, insofar as the police service is concerned, includes putting in proper management systems. I, myself, have heard the Minister of National Security refer to that on more than one occasion, that it was necessary to put proper management structures in the police service. That has been achieved. There is a human resource manager, a finance resource manager, a fleet manager, to ensure that the resources that are put, both human and material, are properly managed in the interest of having a better police service.

We have seen plans implemented in relation to community policing. We have seen the purchase of motor cycles, the putting of personnel into that resource unit. I, myself, was in Chaguanas three weeks ago and the residents in that area expressed satisfaction with the way the community policing was operating. I have heard it in other areas as well. So to speak in almost an offhand manner about moving administratively and legislatively, is simply not fair, or demonstrates that one is not fully appreciative of the measures which have been undertaken.

In 1994, one heard general talk about the police not being equipped. In 1994, over \$8 million was spent on the provision of vehicles for the police service. When the Government says it is moving legislatively and administratively, these are some of the measures which have been put in place. The civilization process in the police service has started; the moving out of police officers from desk jobs onto the streets. It is no wonder then, that when one looks at the statistics between 1993 and 1994, whilst they may not warm your hearts fully, at least they demonstrate that not only is the Government moving legislatively and administratively, but it is working. That is the point.

I think it has also been raised that—I think Sen. Persad-Bissessar was the one who went into it in greater detail and recited a list of commissions into the administration of justice and spoke about reports gathering dust on shelves, and so forth. Again, it is not in accord with the facts which have been fully reported. The starting point for the administration was the Gurley Committee: I had reported to this Parliament on the fact that an implementation team was established to ensure

the implementation of recommendations contained in the *Gurley Report*. Indeed, if my recollection serves me right, I had also provided copies of that implementation plan to certain Senators who had requested it.

So far from having a committee sit and report and do nothing, I have reported on the progress taken with respect to those matters. Again, let me take the opportunity to refer to some of them. The recommendations of the report were classified under several heads, including Personnel, Infrastructure, Procedural and Legislative matters. With respect to some of the recommendations under the classification, "Personnel", in the Supreme Court, thus far the existing vacancies with respect to judges and registrars were filled and consideration has been given to the creation of additional posts of Appeal Court Judges, and, in principle, the Cabinet has already approved the appointment of an additional pool of Court of Appeal Judges so as to ensure that the Court of appeal can sit in at least another jurisdiction.

In May 1994, the post of systems administrator and systems operator to manage the computerization of the case-flow management system was approved by Cabinet. From the existing vacancies which we had in the Magistracy, we are now down to one actual vacancy. In fact, two have been filled by persons on contract. So there is, in fact, one actual vacancy and Cabinet has recently approved the addition of 12 magistrates to the Magistracy.

In the DPP's department, seven new attorneys were recently appointed and there are now four vacancies in an establishment of 29, and we are hoping funds are available to fill those vacancies. The Director of Personnel Administration has been requested to fill those vacancies so that we can now look to assess exactly what the complement of the DPP's office ought to be.

3.30 p.m.

We are looking, therefore, to increase the number of legal officers in the DPP, now that we have reached the point where we have managed to fill almost all of the vacancies and we are only now awaiting the Director of Public Administration.

Ministry of National Security, the Forensic Science Centre—a matter which was raised: 15 vacancies exist, eight of which are temporarily occupied and the DPA was requested by that ministry to take action to fill those vacancies.

Furthermore, discussions are taking place with the Chief Personnel Officer with a view to establishing a unit in the police service to take over the function of

Strategic Services Agency Bill
[HON. K. SOBION]

Tuesday, March 21, 1995

examining stolen vehicles. That is a matter which was of some concern in the recommendations contained in the report and, more recently, has been the subject of criticisms, not only here in this Parliament, but also by members of the public who have had to suffer the grave inconvenience of having their vehicles parked at the Forensic Science Centre awaiting forensic tests.

Infrastructure: Recently construction has started on the Arima Magistrates' Court and the Tobago Magistrates' Court. Computer equipment has been installed in the Supreme Court, and Phase I of the magistracy computer installation programme has started. It is projected that computers would be installed in the San Fernando courts this year.

Computer Aided Transcription: If I may just note, not only have we just moved to enter into an arrangement to have 100 computer-trained reporters in place within the next two years, but the technology has been introduced in all Court of Appeal hearings in the First Criminal Assizes in Port of Spain and is utilized in criminal matters in Port of Spain and in civil matters of national importance.

As we get on stream with personnel who are trained in the technology we would proceed to have that system established throughout all the courts in Trinidad, not only in the High Court, but also in the Magistrates' Court.

Mr. President, yes, and, perhaps, those are administrative matters and we all know of the legislative matters that have been done; Indictable Offences (Preliminary Inquiries) (Amdt.) Bill, Dangerous Drugs Bill; framework legislation which we believe to be necessary for dealing with the crime problem.

Having said all of that, let me now say this. This Government is fully aware of the difficulty in dealing with what is a difficult problem. We have never sought to blame any previous administration. We have come here, sat and analyzed the situation and have worked out a plan and a policy which cannot be completed overnight, but a plan and a policy which would ensure that brick by brick we put in place an edifice which we think can deal with the situation.

I may say that we have some cause for concern. Quite clearly—and I have said it here previously—putting legislation in place is not the end of the road; putting administrative structures in place is not the end of the road. Just recently, the Minister of National Security, Sen. Draper and myself sat to consider what we perceive to be some of the difficulties which exist. In fact, there is quite clearly a problem of implementation.

If one introduces some of these measures which require adjustment on behalf of persons who have been accustomed to living their lives in a certain way, and they are then charged with the responsibility of executing the policy of the Government as reflected in the legislation and administrative changes, then clearly there would be some difficulty; and there has been some slippage in that regard.

What, therefore, we have decided to do is to put on hold some of the other further measures which are in the pipeline for introduction in this Parliament, and try to look at the problem of implementation. The Ministers of Government are not the ones who operate the legislation. It is not simply a question of training or equipment. I want to make that point because police officers and other officers in the enforcement agencies have received the requisite training in respect of the operations of some of these very sophisticated pieces of legislation.

Forfeiture of Assets: We are concerned that there has not been a successful prosecution under the Forfeiture of Assets provision of the Dangerous Drugs Bill. We are concerned because we have spent thousands of dollars in training persons, in providing the equipment, and in providing the legislative framework whereby they can operate.

Sen. W. Mark: Mr. President, on a point of clarification. Is the Attorney General telling this Senate that the public service is in rebellion against the state?

Hon. K. Sobion: Mr. President, the Senator has ears that hear things in an extreme way. For the benefit of Sen. Wade Mark, I was making the point that where change has come into being, there would always be difficulties of implementation because of persons not wanting to change lifestyles to which they have grown accustomed.

In the dangerous drugs field, there have been certain problems which we have identified in relation to the forfeiture provisions; the operations of the Organized Crime and Narcotics Unit; their synchronizing with other police stations and other areas of the law enforcement agencies. There are problems and it is a matter of some concern.

In respect of the preliminary inquiries legislation, we are concerned because there are all kinds of administrative and bureaucratic hurdles being advanced as to why prosecutions have not yet taken place with the frequency that we would like to see under that legislation. What we have decided is to hold up for a while. I have here, draft legislation which we think is critical.

Strategic Services Agency Bill
[HON. K. SOBION]

Tuesday, March 21, 1995

This is an amendment to the Criminal Justice Act, which is the new Criminal Justice (Miscellaneous Provisions) Bill which is intended to put other mechanisms in place. For example, evidence in criminal proceedings; to provide for evidence taken by videotaping and so forth; the voluntary bill of indictment which is a measure which has long been utilized by other countries; community service orders to provide for the treatment of offenders in an alternative way.

We have realized that the process whereby we have been seeking to achieve the changes that were put in place, perhaps, have gone faster than the enforcing agencies could cope with, so we have decided that we need to focus now on some areas of implementation to ensure and guide that process, so that the results in 1995, as opposed to 1994, would show an even greater corresponding improvement than that between 1994 and 1993.

3.40 p.m.

Mr. President, this Bill is only part of the process. It is a vitally important part of the process because it provides for the collection and collation of information which can then be disseminated to the several enforcement agencies.

Like other speakers, I have spent some time on the general crime scene and on the criminal justice area, because of the picture that was painted. Let me now, therefore, turn to some of the specific concerns expressed with respect to this Bill.

The question was raised generally, why give the OSS statutory force, and the Minister of National Security responded. I have looked at the *Hansard* record of his response. I would not go into the details, but it seems to me there might have been an interruption in his response because, he omitted one matter which I consider to be significant. There was an interruption and a further question was asked on the matter of the auditing of funds.

The other matter which informed the Government's decision to bring this legislation and to give the agency statutory force had to do with the Government's feeling that having regard to the fact that this agency would be out there collecting sensitive information, that it should give the population some sense of comfort and give the Parliament some degree of oversight over the operations of this agency.

One of the things which informed the decision to bring this Bill is contained in clause 13:

"The Minister shall cause to be laid in Parliament an annual report on the operations of the Agency."

This Government is always consistent in its approach. I am a little surprised to hear coming from the Opposition Benches criticism of a Bill which seeks to provide a statutory agency in a very sensitive area where the Parliament is being given the oversight over the operations of the agency. It runs counter to every argument that I have heard them make in even the most innocuous pieces of legislation. When one says they are obstructionists, they are quick to jump and say no. But in every piece of innocuous legislation that is brought to the Parliament, we hear the criticisms—*[Interruption]* This is not an innocuous one—that there should be parliamentary oversight.

Now, in a matter of some import, legislation is being brought providing the parliamentary oversight and the question is raised: Why bring this to Parliament?

Mr. President, the contribution of Sen. Persad-Bissessar expressed dissatisfaction at the explanation given by the Minister of National Security for bringing this agency by way of a statutory force. I can only consider that, being not satisfied, she would not want the agency to be incorporated in this way. Also, if one looks at the contribution—and this is purely on the obstructionist point that was raised by Sen. Persad-Bissessar—and if one looks at the contribution of Sen. Capildeo—

Sen. Capildeo: Have you read it?

Hon. K. Sobion: I have read it. I enjoy reading what you say. Sen. Capildeo is a man who is learned in the law and one would have expected that he would have let us have the benefit of his legal learning. Instead, he had this to say before he concluded:

"The Bill would be dealt with in detail by my colleagues. I dealt with the background to the Bill to show that the Bill cannot work."

He spent his entire contribution directed to show that the Bill cannot work and listed 12 facts starting with; "The Bill cannot work because crime is out of control." That is the argument that was raised. "That the police service is incapable of enforcing law and order. That is the reason why the Bill cannot work. That the administration of justice has broken down."

[Interruption] Mr. President, that is not the point that I am making. When Sen. Daly, in his contribution, made the point about the fed-up nature of his condition at the time, he also made the point that persons involved in the political process—and I will find the exact words if need be—he has not heard from them any alternatives. When one looks at Sen. Capildeo's contribution I understand fully

Strategic Services Agency Bill
[HON. K. SOBION]

Tuesday, March 21, 1995

what Sen. Daly was saying. To spend one's entire evening in the Senate as a lawmaker trying to find reasons why a piece of legislation cannot work qualifies, in my view, as the height of obstructionism. That is all it is.

I have no problem with criticism either of myself or of the Government, moreso where the criticisms are irrelevant.

As members of this administration we are committed to getting the job done. We have adopted a methodical approach to all the difficult problems of this country starting with the state of the economy and continuing through every other facet including crime. We are not going to adopt the cop-out attitude as exhibited by Sen. Capildeo, that this Bill will not work because crime is out of control. If you start on that basis you are telling this country that as a lawmaker you have thrown your hands up in the air and that you are not prepared to contribute to the process of change which is taking place in that area. It is clear that the cap of obstructionist fits and in my view, the contribution of Sen. Capildeo underlines it. That is why we have gone the statutory route. The matter is important. The matter is of some concern.

Sen. Rev. Teelucksingh was one who said that the average citizen will always be cautious of some of these intelligence gathering agencies. If Sen. Huggins had gone administratively and established this unit, then we would have had another hue and cry, but we now have an opportunity to have parliamentary oversight of this agency where the Government must report to the Parliament on its activities and we are getting the kind of criticisms that come from Sen. Persad-Bissessar.

Mr. President, let me deal quickly with some of the specific concerns that were raised. Sen. Rev. Teelucksingh spoke about bypassing the police. Clearly it is a misreading of the legislation. The Bill is not intended to bypass or supersede the police. There are several enforcement agencies which are utilized in fighting the drug trade. Even from the INCSE Report one would see circumstances where the coast guard have acted, where the customs have acted, where the police have acted. The idea of this agency is to provide a co-ordinating fount of information which could be disseminated to the appropriate agency. It is not meant to bypass or supersede the police service.

3.50 p.m.

The issue of the Inland Revenue Department was raised. I think one cannot but appreciate that the service of the Inland Revenue Department is one which can provide vital information to an agency such as this. That is without question. Whether we were able to achieve it before this Bill was presented to Parliament is

another matter. Whether it would be achieved within a reasonable time is another matter because it involves having dialogue with two ministries in relation to balancing the right of the individual to have his financial matters which are disclosed to the Inland Revenue Department kept secretly, and the right, on the other hand, to get that information. That is why no provision is made here for the Inland Revenue Department. The definition of services has been deliberately cast in that way so that when those arrangements are ironed out with the Inland Revenue Department, services can then, by order, be an agency with whom the SSA can relate.

There were minor criticisms of the provisions relating to the appointment of a director, the fact that no qualifications were specified. Without being facetious, this particular position is what one may call a non-traditional profession. One cannot ask for a degree from spy school or some such qualification. The fact is that it is the kind of position where it is non-traditional in that sense, and therefore a lot of it would depend on a person's exposure to different training courses. One does not deal with the traditional professions, for example, a lawyer with 10 years experience, or an accountant. Certainly, all those skills will be beneficial to a person operating in such a position, but it is very difficult to attempt to spell out the qualifications for a director of an agency such as this. Clearly, experience in operating, which is limited to running a carnival, is not the kind of experience for which we would be looking for.

Sen. Daly: Would the Attorney General give us an idea of what sort of experience the Government would regard as relevant to this position? He should tell the country for what kind of experience the Government is looking.

Mr. President: The speaking time of the hon. Minister has expired.

Motion made, That the hon. Minister's speaking time be extended by 15 minutes. [*Sen. The Hon. R. Huggins*]

Question put and agreed to.

Hon. K. Sobion: Mr. President, in response to Sen. Daly, as I said, it is a non-traditional kind of professional qualification for which one would be looking. Expertise in certain areas would be an asset particularly in the financial, accounting and management areas; legal qualification would be important, but one has to look beyond that. One would find that the kind of training that one would get—there are expert courses in these areas where one learns the fine art of acquiring information in certain methods outside the traditional. Perhaps, the Minister of National Security would want to detail that to a greater extent.

Strategic Services Agency Bill
[HON. K. SOBION]

Tuesday, March 21, 1995

The oath of secrecy is a valid criticism that perhaps, there should be some sanction. I have tried to identify areas where similar legislation provided such a sanction. One of the difficulties with these matters is that if one has to follow through on a criminal conviction, he would probably find difficulties with respect to the evidence which has to be led. If the person has breached an oath of secrecy, the court will have to be satisfied that information came into his possession, the nature of that information, what happened to it and how it was disclosed. There are difficulties of that nature and we feel that a sufficient sanction is dismissal or termination of services. I may say as well that private citizens may, nonetheless, have their own legal recourse if information of this nature is dealt with. Those who are constitutional experts will know the kinds of avenues that are possibly open to the private citizen.

I think some concerns were expressed with respect to clause 6. Before I deal specifically with that, again, sometimes I am a little concerned about criticisms of professionals who operate under very tedious conditions in trying to get legislation passed. I am not saying that legislation ought not to be criticized, but persons' drafts; we are required to make changes on request from those involved in the process, and there will be errors, either of omissions or points that are being put in, which should have been taken out, because we deleted something else. It is really unfair to suggest sloppiness to persons who perform a very arduous task under difficult circumstances. I have no problem being criticized for bringing a Bill which has defects in it, but I think it is a little unfortunate that it extends to those professionals who have to do things under very difficult and trying circumstances. I will take the responsibility for the legislation and leave those who are providing that kind of service.

We deleted clause 5(2) and clause 5(3) should have been deleted but it was not. Clearly, on the face of it, it is an error. It was presented as though it was some major problem.

Sen. Persad-Bissessar: Through you, Mr. President, that was not a major problem. The major problem is where we were getting this agency co-ordinating and linking with the drug organization. Those minor errors are inadvertent. It happens to all of us; there is no problem with that, but when it is something that is ludicrous.

Hon. K. Sobion: I know it was a minor point. The Senator has confessed it was a minor point.

What I think was material was the question: If we are deleting the salary level, does it now mean that there is no salary level and the director can give any salary

that he wishes? If one notes the provisions—I think it is the new clause (4) which deals with the establishment of the agency—the functions are now being carried out by the director after consultation with the Minister. As a result, seeing that there is consultation with the Minister, there would be consultation with respect to all levels of salaries, so there is no longer the need for that provision.

4.00 p.m.

The major criticisms related to the provisions of clause 6 and whether they went too far in terms of going beyond an information-gathering agency. We have had some of our technical people look at it; we are continuing to look at it. I myself am of the view that in some of the instances it may have gone a little too far, but, generally speaking, one has to look at the powers within that context; and Sen. Persad-Bissessar is well aware of the *ejusdem generis* rule. If one considers it from that point of view, one will probably find that the powers set out in clause 6(2) do not go beyond the statements made by the Minister.

I think I have dealt with the matters which were raised on the Bill. The other Senators on this side will deal with those with which I have not dealt.

I was a little concerned as well about one other matter and that was: Why give the Minister so much control? Why not put it in an independent agency? Again, Mr. President, there is a lack of consistency in how we deal with some of these matters. When the Environmental Management Agency Bill was before this Senate, the argument was quite opposite. Why put the powers in that agency and why was the Executive not taking responsibility for it?

This agency, clearly, is dealing with matters within the purview of the management of the Executive and I think it is only proper that the Minister be responsible for the agency, given its powers and having regard to its intended functions, and that he be the one to defend it when the report is laid in Parliament. From that point of view, I find no difficulty with the Bill.

I think I dealt with most of the problems and I conclude by expressing my full support for the Minister of National Security, not only in relation to this Bill, but in relation to the matters brought before this Parliament, and otherwise, in dealing with crime and drug trafficking.

I thank you.

Sen. Carol Mahadeo: Mr. President, I do apologize that I have not got my prepared notes. I had a Supplemental Order Paper saying that the Finance Bill was going to go through all its stages today. Inadvertently, I walked in with the

Strategic Services Agency Bill
[SEN. MAHADEO]

Tuesday, March 21, 1995

Finance Bill instead. However, Sir, you have said that we must not read from notes. I see Mr. Reginald Dumas went on television and said that in the Senate you had said that we ought not to be looking at notes or reading from them.

Mr. President: Just let me get the records straight. I read the Standing Order which speaks about the reading of speeches. That is all I did. Senators are always free to refer to notes.

Sen. C. Mahadeo: The hon. Attorney General seems to have a sense of ESP, like Lalsingh Harribance. He started off his contribution by defining, at length, the word “hysteria” and this is precisely how I was going to start off my contribution to the debate.

When I made my contribution last year, I started off, like Sen. Diana Mahabir-Wyatt, with the general lawlessness and criminal activity in the country. I had cause in my contribution to reply to the hon. Attorney General when he used, not only the word “hysteria” but the phrase “hysteria and paranoia”, saying that there was no need for the hysteria and paranoia exhibited by Members in the Senate. I think *Hansard* will support me in that. I had cause to reply that we had passed the stage of hysteria and paranoia in that the state of criminal activity in the country was now beyond the control of the powers that be. It was in those circumstances that I had mentioned some very extreme measures that could have been adopted, since Government had no control over criminal activity. I postulated those extreme remedial measures and I was taken to task by certain of the news media. Thank God, on the day after that, I was supported in my statements by most of the people on the call-in programmes, plus others who belonged to certain other groups.

I had gone further to say that we had passed the stage of hysteria and paranoia, and were now fully in the grips of the criminals, bandits and drug barons, in that our air space was being controlled by these people; our coastlines were being controlled by these people; our very homes were being controlled by these people and our lives in that they were coming barefaced—not with stockings and masks—at point-blank range to snuff our lives out. So that, it was no longer a case of hysteria and paranoia, but truly a frightful situation with the wave of crime in this country.

Now, I am wondering what the Minister of National Security is hoping to achieve with this Strategic Services Agency Bill. He spoke in terms of a director being given certain controlling powers, yet he seems to be in the hands of the Minister of National Security. The director, although being appointed by the

President for a term not exceeding five years and eligible for reappointment, is still in the hands of, and subject to the dictates of the Minister of National Security. Yes, even in the appointment of members of that agency.

Are we going to have specialized personnel for that agency—perhaps like people in the police service, the special branch officers? Are we going to have special branch people tailing around collating and disseminating information, and yet there is a sort of secret agent business in the whole situation in that they are holding the evidence and information close to their hearts? How are we going to operate this agency? Who are the people who will be brought into the agency as members? Who will get the specialised training for the type of work that has to be done? Are we going to bring in, as you suggest here, members from the public service? Are they also going to bring people from the police service with specialised training? Where would they be trained? Do we have the support services whereby these people would be specially trained for the job they will be doing?

4.10 p.m.

Under clause (5) it says:

"The Agency may—

- (a) employ staff as it considers necessary for the due performance of its duties and functions."

Who is going to determine the personnel of that agency? Is it the Director or the Minister of National Security? Also, the agency is exercising disciplinary control and/or terminate the appointment of persons employed under this clause. It is a very wide and dangerous subclause. Subclause (5)(1)(d) says:

"exercise disciplinary control over or terminate the appointment of persons employed under this section;"

They are subjected to the whims and fancies—who is this agency? How is it comprised? I keep asking the question. So much depends upon the personnel employed there and the duties they have to perform, so that they may have the big axe over their heads while they are at work. They will have to be subject to the discipline of the Minister of National Security and/or the director appointed by the Minister, or by the President—I believe it is on the advice of the Minister of National Security.

I want to refer to something the hon. Attorney General spoke of in his contribution—I did not want to interrupt him at that point. He did mention that

Strategic Services Agency Bill
[SEN. MAHADEO]

Tuesday, March 21, 1995

there were certain bits of innocuous legislation brought before the Senate. He used the word at least three times, and I am wondering if my interpretation of "innocuous" is the same as his. If, to use his word, we are having innocuous legislation brought before us to speak about, then we might as well throw them all out through the window because innocuous, to my mind, gives a different connotation altogether. I am sorry he is not here to hear what I am saying. I wonder if he is agreeing that innocuous bits of legislation are passing through this Senate. I was very distressed and bothered when I heard the Attorney General use the word at least three times in his contribution.

He also said that the Preliminary Enquiry (Indictable Offences) Act that was passed with the paper writing and so forth—helping to speed up the process at the Magistrates' Court level and being taken to the High Court, he agreed that they had to slow down their process now because they were having some difficulty with that Preliminary Enquiry (Indictable Offences) Act. I wanted to ask him the question: Is it now that he realizes that having speeded up the process at the magisterial level there is a clogging up, in the High Court, of matters that are speeded up from the Magistrates' Court and sent to the High Court? Is it that? The Attorney General has got to slow down now and see what else can be done. Are we awaiting another amendment? The Bill that is going to come to unplug that situation?

Under subclause (6)(b), one of the functions is to—

"disseminate information and intelligence to appropriate law enforcement agencies;"

Do we have that sort of arrangement with Caricom and other international law enforcement agencies? If I am to remember what I read about 10 days ago, that the United States of America did say that in 1993 our performance on the control of criminal activity, narcotics, drugs transportation and other things was very, very poor. In 1994, there was a little change for the better—I stand corrected.

Mr. Sobion: Mr. President, just for the record. The 1993 INCSE Report—again, for what it is worth, because I really do not consider it too relevant—never said that the activities of the Trinidad and Tobago Government were very, very poor. The main concern expressed in that report was that Trinidad and Tobago had not been able to put itself in a position to ratify the Vienna Convention. That was the major criticism of Trinidad and Tobago as contained in that report.

Sen. C. Mahadeo: The newspaper report did not speak specifically about the Vienna Convention, it spoke about performance, and that is what we are after. Is

this agency going to help us perform any better? Having seen what happened there with the *Harold La Borde* fiasco on the high seas and brought across to Point Lisas docks, a container load of illicit drugs, I am wondering if my colleagues remember that. How are we able to control that? Subsequent to the *Harold La Borde* there was another boat that came in again, and we were unable to do anything about that. We are saying that we are trying our best to control in circumstances where we are closing our eyes to all these big drug barons actually controlling our lives and our country.

Also—as I said, I am without my newspaper clippings—in the *Trinidad Guardian* of March 05 or 06, there was an article in which it says—Mr. President, you would remember that our laws are based upon the English system. In England the reports stated that they they were unable to enforce their laws upon the money laundering situation and going after the proceeds of these drug traffickers. What about poor Trinidad and Tobago? We are what you call the little dot. How are we going to enforce the law? I do not think we have one case of enforcement, even at the Magistrates' Court level, far less at the High Court level, where we have said, "Let us confiscate a motor car, or the proceeds, or the moneys belonging to a drug baron—even the yachts. We have not been able to do that. We have not had one instance of it where we have been able to confiscate and expedite the law.

According to clause 6(1)(e) we want to:

"co-ordinate and identify links between individuals and organizations involved in the drug trade;"

Subclause (h) says:

"provide a nucleus of specialist intelligence personnel who are able to advise and assist investigating officers concerning operational priorities and deployment of resources;"

Beautiful words; a wonderful subclause, but with what does it all end up? Innocuous, to say the least, indeed. Mr. President, high sounding words, beautiful subclause, but are we able to give it teeth and to work it out? Yes, "Oh, Lord"—I do not know where the "Oh, Lord" is coming from, but we must all put our hands up in the air and say "Oh, Lord!" Yes, we need the Lord's guidance at this time.

4.20 p.m.

Just saying "Oh Lord" is not helping. I borrow two sentences from Sen. Rev. Teelucksingh when he said! "At the moment, what we are concerned with most are guns and drugs. I remember in one of the newspapers—*Daily Express* or

Strategic Services Agency Bill
[SEN. MAHADEO]

Tuesday, March 21, 1995

Trinidad Guardian—on the morning of Eid celebrations there was a handsome little boy dressed in Muslim garb among his friends, pointing a toy gun—a very sophisticated replica of something that is real—inside the service that was being conducted. I looked at it in horror and I said he could not be more than seven or eight years old, yet he held that sophisticated piece of equipment and was pointing it at his friends. It shows one from where this thing is coming, straight from the laps of little children. It is part of the macho image, that I have a gun and I can use it, look at what I can do with it. So that guns must be related to the drugs trade and the drugs trade must be related to the exchange of guns and ammunition. This is why we need to be frightened. This is why we need to barricade ourselves in our homes, and we have passed the stage of hysteria and paranoia.

Sen. Capildeo: Are you not getting hysterical?

Sen. C. Mahadeo: I am not becoming hysterical; far from it. The definition of "hysteria" postulated by the hon. Attorney General earlier this afternoon does not relate to what I am—

Hon. Member: Never!

Sen. C. Mahadeo: Thank you so much. Clause 6(2) states:

"In addition to the aforementioned functions, the Agency shall -

- (a) provide a central point for the receipt of all disclosures made under the drugs legislation and develop such disclosures through the intelligence process and disseminate to the appropriate law enforcement agencies for further action."

It means that there is hope to set up an agency, yet disclosures would be disseminated to the appropriate law enforcement agencies for further action. In other words, you abdicate your position and activity in the matter and allow the other agencies to take over and carry on for you. That is ridiculous as far as I am concerned. You want other agencies to help you. You want an interdependent relationship with the other agencies but to say that disclosures will be sent to them for further action and not putting yourself as the central and focal part of this agency is making nonsense of the whole exercise of our coming here to pass this Bill to allow you to make it law. No amount of sitting and shaking in your seat, Mr. Minister of National Security, will make it better for any of us.

Mind you, we are all heavily behind you in this Bill which you are hoping to pass, but certain things must be put in place and specifically stated in this Bill, but we are not seeing provisions made for them in this Bill. We do not want a hope of

what may happen or what will happen when it becomes law; we want to know that they are actually set into place in this Bill.

Clause 6(2)(b) states:

"facilitate and monitor the enforcement of requests for assistance relating to the proceeds of drugs and other serious crimes, made under bilateral and multilateral confiscation agreements."

This goes back to what I said earlier. We have not yet enforced one confiscation, to say, well, we are taking away all the money. We see the money laundering there clearly. It is transparent, and we are not taking up that. Yet, we are facilitating and monitoring the enforcement of requests for assistance from others relating to the proceeds of drugs and other serious crimes made under bilateral and multilateral agreements. Big high sounding words—beautiful clause. But how are we going to go through by enforcing this?

Mr. President under clause 6(2)(f)(ii) there is a series of A, B, C and D. We want to establish with this agency:

"A. the identity, description, place of residence, movements and activities of drug traffickers."

It is as though we do not know that already. Some of them are incarcerated, witnesses bumped off, but we want to get the identity, description, place of residence, movements and activities of drug traffickers.

I am reminded by one of my colleagues on the Independent Benches of the fight in the open court at the Hall of Justice just across the road. We are trying to legislate to control this thing and there five women—I am ashamed to be a woman at this point in time—were fighting, kicking and booting two other witnesses; and throwing sand, I am reminded.

Sen. Capildeo: What about the Witness Protection Programme?

Sen. C. Mahadeo: I am not going into that at this time.

Mr. President: I appeal to Senators to stop interrupting the Senator while she is making her contribution.

Sen. C. Mahadeo: Thank you very much, Mr. President. Look at what is happening at the Hall of Justice; a stone's throw from the Parliament where we are legislating. There are police officers stationed inside there. They make me open my handbag when I am walking through there so that they can check me through. It is only that they do not pass me through a frisking scheme as well. But

Strategic Services Agency Bill
[SEN. MAHADEO]

Tuesday, March 21, 1995

women are able to fight there and uniformed police officers are unable to do anything about it. Where is the protection afforded us?

Clause 6(2)(f)(ii)C states:

"the movement of proceeds and property derived from international drug trafficking."

High sounding clauses have been put in here. Are we doing anything about it? It is happening under our noses daily. It is said that Trinidad and Tobago is in a key position, sitting on the tip of South America near Colombia and Venezuela. It is transshipped first to the North American countries then to England and the other parts of Europe. Trinidad and Tobago is in the most strategic point from where it comes and where it goes. Are we doing anything about it? What about Customs Department at Piarco Airport? What about Point Lisas and the Port of Spain wharves? What about these places? What are we doing?

4.30 p.m.

It is said that our officers are trained. Our customs officers are highly trained personnel. Are they? And they cannot control. Under D:

"the movement of dangerous drugs as well as equipment, material, precursor chemicals and instrumentalities"

What the word "instrumentalities" means, I would not know, but:

". . . used in illicit drug manufacture;"

I want a little amplification on the instrumentalities.

I remember last year, on the Dangerous Drugs Bill when we contributed, Sen. Camille Robinson-Regis spoke at length about precursor chemicals, giving us a very detailed breakdown of it, until at tea time I asked her whether she was a pharmacist as well, because she was able to give a very detailed explanation of how these chemicals are done. How are we going to control this thing—precursor chemicals, the equipment, materials and so forth? Do we have the type of personnel to get into this agency to monitor and oversee—to use the words of the hon. Attorney General—all these things? Do we have that?

Then in clause 7(2) on page 9, speaking now of the personnel:

"Where secondment is effected, the Agency shall make such arrangements as may be necessary to preserve the rights of the officer

seconded to any pension, gratuity or other allowance for which he would have been eligible had he not been seconded."

It follows on to subclause (3):

"A period of secondment shall not exceed five years."

I take it after having trained personnel getting into the agency to do a specific type of chore, after having left the public service with arrangements made for someone to get his or her gratuity and pension under the relevant service commission from which he or she is coming, whether from the Police Service Commission or the Public Service Commission, and there are regulations governing him or her, what happens after five years when he or she is given the option of going back to whatever public service or police service job he or she had? Is that officer, with the specialized training and expertise, going to be sent back after five years to his substantive post, and another person retrained again? In my respectful view, it makes nonsense of the whole thing. We ought to be retaining those people so that the process of training and retraining does not have to be gone over.

Mr. President: I think this is a convenient time to take the break.

Sen. C. Mahadeo: Yes. I think at this time, too, Sir, I should end my contribution.

Mr. President: No. No. You do not have to end your contribution now. As a matter of fact, we will understand why you can continue at a subsequent time.

Sen. C. Mahadeo: I see. Not for this afternoon, Sir?

Mr. President: No.

BUSINESS OF THE SENATE

The Minister of National Security (Sen. The Hon. Russell Huggins): Mr. President, following discussions with the Leader of the Opposition in the Senate and Members of the Independent Benches, I beg to move that the debate on the second reading of "An Act to provide for the establishment of the Strategic Services Agency and for matters connected therewith, be adjourned to a subsequent sitting of the Senate.

Question put and agreed to.

Mr. President: The sitting of the Senate will now be suspended for approximately half an hour. The Senate will resume at 5.05 p.m. at which time the Minister of Finance, I take it, will proceed to move the second reading of the Finance Bill.

4.35 p.m.: *Sitting suspended.*

5.05 p.m.: *Sitting resumed.*

FINANCE BILL

The Minister of Finance and Minister of Tourism (Hon. Wendell Mottley): Mr. President, in accordance with the Provisional Collection of Taxes Act, a money Bill which is now before this honourable Senate is intended to impose those taxes which previously had effect under the Provisional Collection of Taxes Order, 1994. The Bill also seeks to make certain modifications to these provisions and to introduce a few other provisions of a fiscal nature.

The Provisional Collection of Taxes Act allows the President, for the purposes of raising revenue, to meet expenditure in an Appropriations Bill by Order, and to impose any tax or to vary an existing tax. However, variations of existing taxes must be confirmed by resolution of this honourable House within 21 days. Any imposition of a new tax by Order remains in effect for four months, by the end of which, an Act must come into operation imposing the tax with or without modification.

The Finance Bill contains all of the measures outlined in the budget presentation. I repeat that. The Bill contains all of the measures outlined in the budget presentation which I made to this honourable Senate in November last year. Those provisions which vary existing taxes are already law, having come into effect when they were confirmed by resolution of this House on December 19, 1994. They are included for convenience, and had already been extensively debated in December when the resolution was passed.

The existing new taxes were already part of the budget presentation and, in fact, were already debated extensively, as well, during that period late last year. I will, therefore, tend to focus my presentation today on some of these new taxes, but more especially on variations that have subsequently been made to the Provisional Collection of Taxes Order.

Part II of the Bill deals with increases to fees, for instance, under the Petty Civil Courts Act.

Part III amends the Gambling and Betting Act to allow new licensees to operate betting offices and to provide for betting offices to pay on an annual basis the greater of 10 per cent tax on all bets or a levy of \$400,000 per annum. The annual licence fee of \$100,000 will continue to apply. Under the new system, the Betting Levy Board will collect \$100,000 at the end of each quarter. In addition, the 10 per cent tax on all bets must be remitted weekly to the Betting Levy Board

by the Wednesday following the week in which the tax was deducted. If the amount of tax collected for the quarter exceeds the levy, the levy will be refunded. If the tax for the quarter is less than \$100,000, then the tax will be refunded to the pool operator.

The Bill also makes provision for the establishment of a National Tote System to be administered by the Trinidad Race Club. Bets placed under this system will also be subject to the 10 per cent tax. In addition, the turf clubs will pay a licence fee of \$100.00 per day, per race, for each pool betting outlet. Penalties for failure to pay licence fees and taxes have also been substantially increased.

Part IV of the Bill covers the change in the manner of computing motor vehicle tax from one based, in part, on showroom price to a system based solely on the engine size of the vehicle. Clause 4(b) makes provision for the exemption from motor vehicle tax on a car imported by a returning resident.

Part V of the Bill relates to amendments to the Income Tax Act. Clause 5(1)(a) amends the law relating to golden handshakes so that they will now be taxed in the same manner as severance payments upon redundancy.

Clause 5(1)(c) proposes a change or a clarification to a provision which was contained in the Provisional Collection of Taxes Order. I stress this is where I will make the most intent presentation, on changes such as these. It proposes a change to a provision which was contained in the Provisional Collection of Taxes Order and which has been the subject of various interpretations.

The new provision would exempt dividends payable by mutual funds and by the second unit scheme of the Unit Trust Corporation, where they are paid to persons age 60 years and over, except where they are payable in the joint names of persons, one of whom is less than 60 years of age. The intent here is clear. The benefit is for persons over age 60. If you join with somebody younger than that, then you are going to lose the benefit. This proposal will give retired persons a wider range of options for investing their pensions and savings. It is proposed that this exemption had effect from January 1, 1995.

You will recall that the Finance Act, 1994 introduced a provision to the effect that no deduction would be allowed for tax purposes in respect of mortgage interest unless the taxpayer satisfies the Board of Inland Revenue that the taxes payable on the property in that year of income under the Land and Building Taxes Act or the Municipal Corporations Act, have, in fact, been paid in that year of income. The Finance Act, 1994, also requires taxpayers to pay land and building taxes and municipal taxes for the year of income before they are entitled to claim

Finance Bill
[HON. W. MOTTLEY]

Tuesday, March 21, 1995

their wear and tear allowances in that year of income. This is a tax collection measure and it was imposed so that people would pay their land and building taxes, for instance, in 1994, if they are to claim mortgage interest deduction when they file their 1994 tax return now due before April 30, 1995. That was the provision.

However, certain administrative difficulties arose. There were some problems with some of the roles. But more importantly, a number of people went down at the last minute, at the last appointed hour almost, on Old Year's Day to pay, and some of the offices had then been closed. But in view of all of this and in view of the dire penalty that would attach, for the year of income 1994 only, it is proposed that for purposes of income tax, deductions will be allowed in respect of mortgage interest once all land and building taxes, or municipal taxes for the building are paid by April 30, 1995. A similar extension is proposed for the wear and tear allowance, both for purposes of income tax and corporation tax. These provisions are contained in clause 5(1)(d) and (e) of the Bill.

I use you, Mr. President, to give advance warning to the community that it will not be an excuse that 10.00 o'clock on April 30, when the offices close, to say they were not able to comply. Please, the notice is out; go before April 30, 1995.

Clause 5(1)(g) disallows expenses incurred in acquiring shares in listed resident companies. It is considered that in the light of the generous tax treatment now afforded to taxpayers receiving dividends from listed companies, it would be inappropriate also to allow the interest cost of bank loans used to acquire such shares.

Clause 5(1)(i) reformulates the provision contained in the Provisional Collection of Taxes Order which imposed a 15 per cent withholding tax on dividends payable by mutual funds operated by licensed financial institutions and by the second unit scheme of the Unit Trust Corporation, in order to take into account the exemption for persons age 60 and over.

5.15 p.m.

The 15 per cent tax on dividends paid by mutual funds is proposed to be effective from January 1, 1994. However, the exemption for persons aged 60 and over would apply from January 1, 1995.

Clause 5(1)(k) and (l) are both new provisions relating to employees' savings plan schemes. Under section 38 of the Income Tax Act, an employer may, with the approval of the Board of Inland Revenue, establish an employee savings plan

into which the employer may contribute up to three per cent of the employees' salary per annum subject to a maximum of \$1,200, provided that the employee contributes an amount at least equal to, but not exceeding, twice the employer's contribution.

The employer is allowed a deduction for tax purposes of the amount contributed to the plan and the employee may withdraw the employer's contribution at any time. He is not liable to be taxed on it where it is withdrawn on retirement after age 50, on the ground of ill-health or on the termination of employment due to redundancy or his death.

It is now proposed that the employer should be allowed a deduction for contributions up to 5 per cent of the employee's salary subject to a maximum of \$2,400. At present the scheme is only available to companies, partnerships or sole traders employing at least 50 persons. It is now proposed that the minimum number of employees be reduced to 15. It is hoped that by widening the class of persons entitled to benefit from the scheme we would be able to encourage a larger number of employers to establish such schemes for their employees.

Clause 5(1)(n) confers exemption from withholding tax on lease payments made by BWIA International Airways Limited in respect of aircraft and related equipment. This is in conformity with standard procedure for international airlines.

Clause 5(1)(o) imposes a 15 per cent withholding tax on the gross stock dividends of listed resident companies. A new provision is proposed to govern the taxpayer of preference dividends. The Provisional Collection of Taxes Order made no distinction between preference dividends and other dividends. Since preference dividends are paid out of before tax profits, the dividend income allowance does not apply to preference dividends.

Accordingly, it has been pointed out that it is not appropriate to gross up profits preference dividends prior to applying the 15 per cent tax. It is now proposed that with effect from January 1, 1995, the 15 per cent withholding tax should apply to the amount of preference dividends actually paid by listed companies.

Clause 6(c) proposes a correction to a provision which was incorrectly inserted in the Income Tax Act in the Provisional Collection of Taxes Order. This exempts the profits of mutual fund business in the hands of the trust company and should properly have been included in the Corporation Tax Act.

Finance Bill
[HON. W. MOTTLEY]

Tuesday, March 21, 1995

Clause 6(c) also exempts the profits of BWIA International Airways Limited from corporation tax for a period of seven years. Under the provisions of the Trinidad and Tobago BWIA International Airways Corporation Act 1978, BWIA was exempt from income tax, corporation tax and stamp duty. In the negotiations for the divestment of BWIA it was agreed that the new company, BWIA International Airways Limited, would enjoy exemption from corporation tax for a period of seven years. This commitment was included in the investment agreement which was exhaustively debated when that the BWIA International Airways Limited (Vesting) Act 1995 was passed through both Houses of Parliament.

Clause 6(d) allows companies an extension of time until April 30, 1995 for the payment of land and building taxes and municipal taxes in order to be eligible to claim for wear and tear allowances for the year of income 1994. This is a matter I have already referred to, but I just picked it up again as I have sequentially gone through some of these clauses.

Mr. President, there is no need for me to go through all of them.

Clause 8(b), for instance, amends the legislation relating to tax on financial services so that the tax is now payable to the board by the 15th day of the month after the tax is collected. This change is in response to complaints made to us by the financial institutions. We hope that this will ease this particular problem that has been pointed out to us.

The present clause 11 of the Bill imposes a hotel accommodation tax. This tax is imposed on the proceeds of the letting of hotel rooms at the rate of 10 per cent. Under the Provisional Collection of Taxes Order, rooms which were subject to the hotel accommodation tax were zero-rated under the Value Added Tax Act, thereby effectively reducing the tax payable by the visitor from 15 per cent to 10 per cent. Since the publication of the Order, however, representations have been made by owners and operators of small hotels and guest houses, especially in Tobago, that the tax worked to their disadvantage since it was only applicable to hotels with 16 or more bedrooms. Smaller hotels remained subject to the 15 per cent VAT.

We have considered these representations and in order to establish equity in the system, and encourage the development of the small hotel sector, we are now proposing a modification to the tax so it would apply to hotels and guest houses with six or more rooms. Further, all accommodation provided at hotels or guest houses is to be zero-rated for purposes of VAT.

Clause 13 of the Bill seeks to impose a tax on insurance premiums at a rate of 6 per cent on contracts of general insurance other than contracts relating to ordinary long-term business; commercial ships or aircraft; risks outside Trinidad and Tobago; governing loss or damage to goods in foreign or international transit; reinsurance; group life insurance and group health insurance. The tax is payable by the insured person, but collected by the insurance company in similar manner to the tax on financial services. Where a risk in Trinidad and Tobago is insured by a foreign insurer, the insured person is liable to pay the tax and may not claim a deduction for tax purposes unless the premium tax has been paid.

This follows much discussions with the insurance industry and we hope that these modifications would make for smoother administration.

Part II of the Bill amends the Customs Act. Clause 9(1)(a) and (b) relate to the exemption from customs duty for returning nationals. We are proposing a number of amendments to the provisions which were contained in the Provisional Collection of Taxes Order to correct deficiencies which have been revealed in the course of administration of the scheme and especially since we have put out that original Provisional Collection of Taxes Order.

We, therefore, propose that the requirement for a returning national to produce evidence of insurance and registration of the vehicle abroad should be removed. In view of the fact that returning nationals are permitted to import new vehicles, it was considered that this requirement was an unnecessary expense and that evidence of ownership alone should be required. For purposes of certainty, we are proposing that a returning national should only be permitted to enjoy the exemption if the motor vehicle arrives in the country within six months before or after his arrival.

The definition of the term "returning national" is also being amended to make it clearer and to provide that the period of residence abroad must be immediately prior to his return to take up permanent residence.

5.25 p.m.

We are proposing amendments as well to the provisions of clause 45(2) which governs the importation of left-hand drive vehicles to make it clear that returning nationals may import these vehicles. We are also proposing a further amendment to allow Trinidad and Tobago citizens who have served abroad as representatives of the Government for at least two years, to import left-hand drive vehicles on condition that the vehicle is not sold within two years of its arrival into Trinidad and Tobago.

Finance Bill
[HON. W. MOTTLEY]

Tuesday, March 21, 1995

This provision is intended to address certain cases of hardship which may, arise—and actually some have arisen—where persons serving on behalf of the Government abroad seek to bring in the vehicles which they have owned during their stay abroad, and find that, because they are left-hand drive vehicles they are prohibited goods and must be re-exported.

It should also be made clear that no exemption from customs duties is being granted for the other matters. The modifications and the new taxes that have not now been amended since the original publication and notification have already been publicized and much debated, and for legislative purposes have formed part of this Bill before us, although, there is nothing new about them. What is new are the amendments I have just outlined to the Senate.

I, therefore, beg to move that the Bill be now read a second time.

Question proposed.

Sen. Wade Mark: Mr. President, let me, first of all, congratulate my hon. colleague and Friend, the Minister of Finance and Minister of Tourism, on his recent elevation based on a poll that was conducted sometime last year that, in fact, identified the hon. Minister as the most popular among the non-performers in his Government. I hope that the good Lord would protect him and see him safely through to 1996. Mr. President, you know how things operate in this country.

Beyond that, there is a matter that is before us as the hon. Minister said. This Bill that is before this honourable Chamber today seeks to enact into law, formally, certain revenue-raising measures as well as certain concessions that have been granted by the Government to certain organizations, bodies and individuals. Therefore, we on this side would have liked very much for the hon. Minister to give us a kind of survey, an appreciation of what has been happening to our national economy in the context of these budgetary measures that have been implemented and that we are now seeking to formally adopt according to law. We would have thought that, as the first quarter expires, the Minister would have come and let us know what has been taking place in the economy—how these measures have worked so far in the context of Government's overall economic policy.

Let me say from the very outset that we are not dealing with accounting principles here today and we are not dealing with arithmetic. We are dealing with a philosophy and an economic policy, and grounded in that economic philosophy are some of these financial measures, some of these revenue-raising measures and tax concessions. We have the responsibility of anchoring very firmly this Finance

Bill in the context of the Government's economic thrust to bring Trinidad and Tobago, as they say, to the new Greece of the Caribbean or the new Athens of the region, as the case might be.

I would like to deal with some of the measures outlined in this very important document before us and to really indicate to the hon. Minister that we have some questions and queries. We opposed these measures in the 1995 Budget and we shall oppose them again, because we do not believe that these revenue-raising measures, as well as the various concessions should have been granted in this instance to the new Acker group. And I will elaborate on the Ackerization of our national airline as I proceed. We will talk about the question of privatization in this context.

What we are talking about is a situation in which, if we deal with the first aspect, that business levy that you see in Part VI, you would realize that we have not received sufficient information because we do not have the technical machinery to gather the kind of information that the Government has at its disposal. But certainly, this business levy is a virtual imposition and unnecessary burden, as far as we are concerned, on the small and medium-sized community in this country. As you would see in this Finance Bill, the Government is granting concessions to the business community, the conglomerates, the large business operations—corporation tax has been reduced from 45 per cent to 38 per cent. Again, we will deal with that as we proceed. We would like to know from the hon. Minister what he expects at the end of the day for the population of Trinidad and Tobago with respect to this particular reduction that has taken place.

We on this side do not have much faith in this business levy. We believe that the consumers of Trinidad and Tobago, the poor and working people of this country who have been labouring on 1982 wages and salaries in the context of four devaluations—starting under Mr. Chambers in 1984 and continuing with Mr. Manning in 1993, with the so-called float—have been under pressure with these high prices.

This business levy that we are asked to approve today is one that is going to be passed on to you and me as the consumer, in the final analysis. The business community is not going to absorb that. The small businessman would probably experience greater hardships in the context of the imposition of this levy. What is going to happen in the final analysis is that that particular levy is going to be passed on to the consumers and to the working people of Trinidad and Tobago at a time when there is so much poverty and destitution. There is income inequality never before seen in our country under this so-called free market, liberalized,

Finance Bill
[SEN. W. MARK]

Tuesday, March 21, 1995

deregulated privatized economy that the Government is seeking to impose on Trinidad and Tobago.

Therefore, as far as we are concerned on this side, we believe this measure is a nuisance measure. We do not believe that the Government is going to realize much from it and even if it realizes something from it, the people who are going to pay that price and experience the burden of contributing to the Government's coffers, would be the ordinary taxpayers, the ordinary consumers of Trinidad and Tobago.

5.35 p.m.

Some time ago, when we were debating the question of BWIA, I cannot recall—maybe you can remind me—whether the Government told this Parliament that it was going to grant Mr. Acker and his band of angels from America, seven years' tax holidays. Even if this was advanced in that debate, the question we have to ask is—have we not written off almost \$2 billion worth of debt with which BWIA was supposed to be saddled.

Mr. President: Sen. Mark you are reviving.

Sen. W. Mark: I am not reviving, Sir.

Mr. President: I am telling you that you are reviving a debate, a determination of the Senate that has been taken in this session, the question of the privatization of BWIA. Those arguments cannot be revived unless you bring a motion to rescind them. The Standing Orders are clear on that. I have told you all about this over and over again. Try to confine your remarks to the contents of this Bill. That is what a Finance Bill is about.

Sen. W. Mark: Mr. President, I would like to submit that we are dealing with an economic philosophy and rooted—

Mr. President: We are dealing with the matter in the Finance Bill. When you are speaking identify what clause of the Bill you are referring to and deal with that. It is a very simple procedure.

Sen. W. Mark: Mr. President, I am referring to Part VI of the Bill, clause 6 which deals with BWIA International Airways Limited which would be exempt from corporation tax for seven years. I am saying there is no justification for this exemption. There was a situation where BWIA was given away; it was privatized and there is no reason for this measure to be incorporated in this Bill. I am saying this in the context of the whole question of—not focussing on BWIA and the

question of its privatization—the policy of privatization which has to be linked to this particular matter. This is where we on this side feel that the Government cannot justify to this country and this Parliament, this kind of concession which has been granted.

Mr. President, you would know that in Trinidad and Tobago the local industry is reeling under the winds of this liberalization storm or breeze that is blowing through this country, and it has not been granted similar concessions, as we are being asked to support in this Parliament this afternoon. We would like to get from the hon. Minister, what are the likely losses that would accrue to our economy and country as a result of granting seven years' exemption from corporation tax by BWIA. That must bear a cost on the population.

Now it has been privatized, we expect it to make profits because all the projections which we have seen tell us that BWIA is supposed to make a profit in 1995 and beyond. The Government is saying that it is going to grant this company seven years' corporation tax exemption. The hon. Minister comes here innocently, in his normal style, and this measure is proposed; no real serious explanation and justification is offered, the costs and benefits that would arise to this country are not provided to this Senate and we are asked to give support to this measure.

Mr. President, if you look under Part VI of this Finance Bill, you would realize that corporation tax has been reduced from 45 per cent to 38 per cent. I want to make it very clear that the United National Congress is not against granting concessions or reducing corporation tax to business or business operations in Trinidad and Tobago. If that is necessary to stimulate economic development and growth, and to provide employment opportunities for our people, we on this side would not have a difficulty. We warned the hon. Minister that in introducing this measure which we are asked to approve today, the Government ought to establish some mechanism and criteria to ensure that the surplus which is realized by these corporations in Trinidad and Tobago is ploughed back into the business operation, so we can have greater supply side expansion in the production process, so that it can generate more employment opportunities for our young people, women and even the elderly.

This amounts to a giveaway. We do not know to what extent the business community will put the money it has saved as a result of this reduction back into their business operations. We are asking for the safeguards. We want to monitor that particular arrangement so that the objective of the Government and society could be easily realized. We have a merchant type economy—because there are

Finance Bill
[SEN. W. MARK]

Tuesday, March 21, 1995

no serious investors in this country; there are many commission agents in our economy and I am certain that the Government's thinking in this respect, the supply side approach to economic development in this country, would have been in terms of an incentive to the business community, so that when they realize this particular surplus by not paying the relevant or appropriate level or rate of taxation, it would be able to generate the necessary reinvestment in this land. We do not know. We know that many of these people would consume that, instead of ploughing back. I am not saying all. There would probably be many who would plough the profits back into their operations.

This is why when we examine the profile of the Government's *laissez-faire* approach to economic development, it is going to result in a catastrophe eventually for this country. Whether we like it or not, the Mexican experience is a living example of allowing the invisible hand full control of economic development and advancement in any economy.

It is our understanding, too, when we analyze the various taxes which are granted to these corporations and the various concessions which are given to a number of corporations in this country, it is roughly estimated that the effective rate of corporation tax in this country is about 30 per cent. I think the Ministry of Finance has to do some serious calculation and engage in some serious technical analysis to let us know in this Parliament what is the effective rate of corporation tax in this country, before we can grant, *carte blanche*, further concessions.

Whilst we have been able to grant concessions to these people—as I said, I have no problems with business—I am against monopoly. The UNC is against monopoly. This is why we are advocating a monopolies commission in this country so there can be an equal and level playing field, where one or two conglomerates cannot take control of the entire economy; where the small man can have a chance to survive in this economy.

5.45 p.m.

I am saying that the Minister of Finance has the responsibility of bringing to this Parliament some technical assessment of what is the effective rate of corporation tax in this country. Whilst we grant concessions, there are people buckling, tightening and breaking their backs—and we will come to that question later on. I am certain that the intention of the Government is not to give these organizations or companies concessions so that they could pocket whatever surplus they have enjoyed as a result of these savings.

As we talk about corporation tax, this brings me to a very important point—the question of the rate of savings in Trinidad and Tobago. The national rate of savings is extremely low. In the early 1970s, up to 1982, when we had the oil boom, we were saving almost 27 cents in the dollar in Trinidad and Tobago. From the collapse of oil prices in 1983 to the present time, if we have realized a savings rate of 15 per cent and above, we have saved much. In other words, if we do not save—and savings is a function of investment—it is difficult to grow, invest and generate the employment that is necessary to deal with the high levels of unemployment in our country.

The whole question of capital formation, too, as a share of GDP in Trinidad and Tobago, has collapsed over the years. So we have to look at the question of when we reduce corporation tax how it will impact on the rate of national savings in Trinidad and Tobago and how it will assist in further capital formation. These are very important indices to the level of economic health in any economy and any society. These are some of the facts that I would have liked the hon. Minister to bring before us in seeking our approval on such a fundamental Bill which is before us today.

If we go to Part VII of the Bill, we will see that they have removed stamp duty on customs entry of imported goods with effect from January 1, 1995. Now, Mr. President, you know that this duty was a revenue raiser at one time in Trinidad and Tobago. It was not only a revenue raiser, it also provided some protection to local industry. In other words, our stamp duty arrangements provided some protection to domestic industry and at the same time provided the Government with an opportunity to raise revenues. That has been reduced significantly. It means then that Trinidad and Tobago is losing revenue because of the reduction in stamp duty on customs entry of imported goods. More importantly, we have reduced significantly the level of protection granted to our domestic manufacturer, industrialist and farmer in Trinidad and Tobago because this is linked to trade liberalization.

This reduction in stamp duty did not come about by accident. It is a Government policy and the name of the policy is liberalization, and an element of liberalization is trade liberalization. Now this is having devastating consequences and impacts on our domestic stability as manufacturers close down or reduce their operations and get into the import business instead of engaging in some form of manufacturing, whatever form it may have taken. They are closing down and many of them are now establishing warehouses and importing directly from source, and instead of having 200 workers employed, they now have 15. So what

Finance Bill
[SEN. W. MARK]

Tuesday, March 21, 1995

is happening is that the Government's liberalization policy in the area of trade in particular is having a negative, devastating and catastrophic effect on our domestic stability in Trinidad and Tobago. It is devastating local manufacturers, farmers and industrialists.

The hon. Minister of Finance, the wily Minister of Finance has many tricks and schemes. [*Protest*] All right! When I say tricks and schemes, I do not mean in any vulgar sense, I am talking about saying one thing and doing something else. We were told that by the reduction in stamp duty, basic goods imported into this country would have, in fact, been reduced. This had to be taken in the context of another measure which is in Part VIII of the Bill and which deals with the removal of import surcharge from the majority of imported items with effect from January 1, 1995, in keeping with the Government's trade liberalization programme.

So, they reduced stamp duty. They went further, consistent with trade liberalization policies, to remove import surcharge and the consumers in the Republic of Trinidad and Tobago were told in 1993, first by the hon. Prime Minister, who appears to be drifting towards becoming a new czar in this country, that come 1995 prices will fall flat. Mr. President, with all due respect, only people in this country have fallen flat. There is unemployment, hunger, starvation, destitution and much insecurity; both personal and in terms of property.

If the Minister presents a Bill as voluminous as the one we have here, we expect him to tell us how the consumers of Trinidad and Tobago have benefited from the removal of import surcharges and the reduction in stamp duty. I do not have the statistics here. I did not walk with the information, but Mr. President, you would have seen that almost every single week the price of basic food in this country is just going through the window and all we have the Minister of Consumer Affairs doing is watching prices go up. Her responsibility in the new order is to watch prices go up and to try to educate people. But how can she educate monopolists—greedy people—who have no commitment to Trinidad and Tobago and whose only interest is the bottom line.

This is why we have always maintained that a UNC government will maintain a sensitive balance between the public and private sectors. No invisible hand will be allowed to lead economic development and transformation in Trinidad and Tobago. To do that means that the poor will become poorer, and that is what we are witnessing. The market-oriented strategy of economic development that we have been pursuing with great intensity since the PNM came into power has

resulted in greater inequality, poverty and large-scale unemployment, particularly among our youth. If we take young people between the ages of 15 and 24, almost 79 per cent of that category of the workforce is unemployed.

5.55 p.m.

These are young people. We would have expected the hon. Minister to tell us, how these reductions in the importation of consumer goods and other services have impacted on the unemployment level.

Mr. President, potatoes have gone up. Recently, I was in Arouca where I saw that the price of a pound of potatoes increased from \$1.00 to close to \$2.00. A pensioner gets \$356 a month in this country. When one divides that by 30 or 31 depending on the number of days in the month, it amounts to \$11.97—a rounded figure of \$12.00. Mr. President, one cannot even buy a snack with that in Port of Spain today. The value of the dollar has collapsed in this country. How can this Government tell us that it cares? How does this Government care about the poor?

Apart from potatoes, cheese has gone up in 1995; bread has gone up; flour has gone up; apart from these things going up; beef has gone up; goat meat has gone up; onions has gone up; channa has gone up too. Mr. President, as you would have seen in the newspapers today, milk has gone up too, so the price of a tin of evaporated milk or condensed milk has gone up by six and seven per cent. These little percentages may appear to be small to us in this Parliament, but for an unemployed individual, or a person who is getting \$356 a month, it is an astronomical increase in the cost of living for these people. We would have expected the hon. Minister to tell us how in Heaven's name these reductions have benefited the consumers.

At one time the supermarkets were blaming the distributors, at another time the hon. Minister told this country that there are unscrupulous businessmen in this land. The businessmen started to blame the Government for taxes on certain items that they are importing. The latest that we are hearing from the Government, based on newspaper reports, is that "external forces are now responsible for the increases in the cost of living in Trinidad and Tobago."

In other words, nobody wants to be responsible for anything in the country. People are starving and dying; parents cannot send their children to school, and this Government could spend \$10 million on a splurge to extend the Brian Lara Promenade—with all respect to Brian Lara and the beautification of Port of Spain. There are many hungry stomachs in this country, the Government should spend \$10 million and find \$70 million to subsidize poor people, so that at least the

Finance Bill
[SEN. W. MARK]

Tuesday, March 21, 1995

children of this nation can have some food, and nutritional food at that. We would have liked him to tell us how this measure is going to impact on us.

When one looks at this measure of the reduction of these items in terms of consumer imports, as stated in Part VII, the impact it is having on our local industry is negative; our farmers are suffering as a result of these measures that we are asked to support.

The price of basic inputs into the farming industry and the lack of proper infrastructure, whether it is the rice farmers or any other category of farmers, they are being discouraged from getting involved in that exercise. One can go to a supermarket now and see almost every item of food that one would buy in the market. The Government is importing cabbage and lettuce; everything that one would normally buy in the market is on the shelves; and they tell us the rationale for that is competition. At the same time, we can no longer subsidize our farmers in Trinidad and Tobago because the General Agreement on Tariffs and Trade (GATT) arrived at some settlement and is supposed to reduce subsidies. Mr. President, I am putting it to you today that GATT, or no GATT, the industrialized countries are still subsidizing their farmers at a massive rate, so they are selling us cheap food and we are destroying our farmers at the same time.

We would like the hon. Minister of Finance to let us know whether these measures that we are asked to support today are impacting negatively or positively. Or, do they have a mutual impact on our farmers, on our manufacturers and our consumers? We need to get some information because it is only blood our people are crying out there. It seems that there is an internal rage and rebellion just developing in people and at the appropriate time if you are not careful in this country there would be a flashpoint.

We would like the hon. Minister to tell us these things. We want to know, because in the final analysis it is we, the people of this country, who have to live here. The Government has been boasting, as you know, that this country has experienced an economic growth rate that has surpassed the last 10 or 15 years—4.7 per cent. What sense does it make if there is economic growth and there is no human development? If there is economic growth but you cannot sustain the human condition, or seek to improve the human condition, what sense does it make?

Mr. President, there was a Summit held in Copenhagen recently, and if I give you a copy of the report that this Government prepared and which was read by our hon. Minister of Social Development at that Summit it will make you sick, it

will chill your bones, because of the level of poverty, unemployment, destitution, and inequality. The Government is recognizing for the first time that its economic reform programme is not working because in that report it was said that the economic reforms are causing much poverty and unemployment in Trinidad and Tobago, but the Government is not prepared to change course.

Mr. President, when we sit in this Parliament and listen to the other side they say that they are on the right track; they have the best advice and the best consultants; the whole world is globalized, the whole world is liberalized, I am not arguing with that. But there is liberalization and there is also liberalization. There is liberalization, for example, in Mexico that has that economy almost in a state of collapse, and there is also liberalization in South Korea, in Malaysia, in Taiwan and in the Republic of China. Do you know what is the difference between liberalization in Mexico, Brazil, Argentina and liberalization in, let us say, Korea, Malaysia, Taiwan and Hong Kong? The invisible hand does not have full sway in those countries. The state intervenes and directs economic development. There are industrial policies in those countries; agricultural policies; public state enterprises; also, there are banks owned and controlled by the state. Mr. President, interest rates are determined by the government of those countries, in order to encourage investment and enterprise.

6.05 p.m.

This nonsense this Government feeds us here, that it is on the right track and look at what is happening in Korea and Malaysia—those countries have a different approach to economic development, but it is the same capitalism they are following. It is a capitalist system they are trying to establish at the end of the day, but what is realized is that there must be a firm hand and the invisible hand must not be allowed to determine economic development in those countries. I see that the hon. Minister has left, but I hope that someone is taking notes for him in terms of the points which we are raising at this time.

Mr. President, if you go to Part IX of the Bill, you would see that the Government is seeking in this Finance Bill to impose a tax on premiums received by insurers under certain contracts of insurance. The Minister said that it is about six per cent. That is being passed on to consumers. The insurance companies will not absorb that. What do we have? More economic, social and financial burdens being placed on the shoulders of the ordinary men and women who still happen to have an insurance policy in Trinidad and Tobago.

The Government seems to have a tendency or an inclination to gambling. If one looks at Part IX of the Bill one would see that the Government wants to

Finance Bill
[SEN. W. MARK]

Tuesday, March 21, 1995

amend the Betting Levy Board Act to require the Betting Levy Board to collect all kinds of taxes. I do not know if my colleague would agree with his downtown merchant but there was a statement in the newspaper today where a merchant, in Port of Spain claimed that he had to retrench some 135 employees [*Interruption*] I do not know, he must be playing games like so many of them. He told the whole country that Lotto and Play Whe are responsible for many people not purchasing in his store. There is a downsize in sales.

The principle I am advancing here is that the Government of our country seems to have an inclination to promote betting and gambling in this country. It is seen in this piece of legislation where the Government is seeking to deal with tote bets and all kinds of different things to get more money for the Government in that area. Many people are betting; whether on horse racing, Lotto or Play Whe: they are gambling. School children, mothers, fathers, they are gambling. They prefer to go without food because everybody feels that he or she can get a quick wish. I always say if wishes were horses, beggars would ride. This born-again Prime Minister is the promoter of gambling in Trinidad and Tobago. If we take from what Mr. Aboud, the owner of Aboutique, said in the newspapers today, we would realize that this is having a negative impact. We are asked today to support a similar arrangement consistent with what the Government has been promoting for some time.

The provision where the Government seeks to treat payments. Mr. President, if one looks at Part IV of the Bill one would see where the Government is seeking to introduce a healthy measure. We have no problem with that because people who have been on contract or people who have lost their jobs or were wrongfully dismissed ought to experience the same kind of payments and should be exempted from income tax. Many people who are not members of unions cannot rely on this Government to give them any kind of protection. The situation with respect to private security guards is a living testimony of the Government's failure to provide protection to a very large category of employees in Trinidad and Tobago. There are close to 35,000 persons in that industry and they cannot get protection. If one is working for some private employer and one is dismissed wrongfully and one gets a union such as ours to represent him or her in the Industrial Court—

Mr. President: Advertising is not allowed in the Parliament.

Sen. W. Mark: I am not advertising, Sir. We do not advertise, our record is clear.

The point I am making is that this is a very healthy measure. There are some managers who are not treated properly in this country and they do not join trade

unions because of all kinds of threats. It is important that if a person is dismissed, whether he or she is a supervisor or a middle level manager, that person should be entitled to some kind of redress in terms of severance payments and that should be exempted from income tax as is done at the moment for workers who have been retrenched.

What we, on this side, are arguing is that the Government of this country is pursuing a particular policy that was incorporated first in the Provisional Collection of Taxes Order and then in this Finance Bill which is before us. What we would like to find out from the hon. Minister in the context of Government's policy such as trade liberalization which is destined to fail—we predict that the only reason that the currency has not collapsed in this country is because the commercial cartel in the banking sector and the Central Bank—of course, with the advice of the Minister of Finance and Minister of Tourism—have the dollar under tight rein; iron fist! Anytime they allow the invisible hand to take control of that money market or the foreign currency market, it would collapse.

All we are saying is that the Government of our country, in introducing these measures, must rethink. This is an ideal opportunity for the Government to rethink its development strategy. There is not a competitive domestic goods and services market in Trinidad and Tobago. That is a pre-condition for any kind of involvement in the privatization process. I am not dealing with BWIA here; I am dealing with a situation where a number of conditions are absent. There is not a developed capital market. There is not a proper and sound regulatory structure or mechanism; yet this Government continues to deal with the disposal of our assets. It does not create any competition in the economy but it privatizes important enterprises which belong to the state, allowing the private investor to collect excess rents in the context of economic development and that goes into the pockets of the private investor and the shareholder instead of the national Treasury. That is why the Japanese and the East Asian Tigers will always be advanced. In those countries they put the worker first, the consumer second and the shareholder third.

All we on this side are arguing is that these measures before us today—I would not like to get into all the areas, I have chosen a few important ones—

Mr. President: Hon. Senator, you have already gone over by one minute.

Sen. W. Mark: I am closing. I just need about three more minutes. What we are saying, in essence, is that we cannot support these measures. We opposed them when they were first introduced and we are opposing them now. We do not

Finance Bill
[SEN. W. MARK]

Tuesday, March 21, 1995

believe that these measures will bring about any serious kind of development for the poor and working people of Trinidad and Tobago. What we are experiencing under the PNM is what Reagan gave to the Americans for eight years—trickle down economics.

6.15 p.m.

That is why there is so much income inequality in the world today. That is why, today, Mr. President, 83 per cent of the wealth is controlled by 20 per cent of the world population. So there is inequality between countries and inequality within countries. That is what is happening—the liberalization policy. My good friend from the University, Mr. Dennis Pantin—

Sen. Capildeo: Ainsley, you know the boy.

Sen. W. Mark:—wrote a very instructive piece. You know what was instructive? One message, Mr. President. He said that in the Mexican experience, when your neighbour's house is on fire you should wet yours.

Sen Capildeo: There is no water; how are you going to wet it? [*Laughter*]

Sen. W. Mark: Even if you have to go in the ravine and tote water, you have to wet yours. It is important because we are dealing with economic development here, and these financial measures that we have outlined are some of the same measures which the Mexicans—what my colleague, Dennis Pantin called the "bang" approach, or what is called shock therapy. Within four years under Salinas in Mexico, they implemented all kinds of measures and what happened at the end of the day—Nafta. We have to be careful.

Sen. A. Mark: Hot money!

Sen. W. Mark: We are in support of Nafta, as a party, but we shall never enter Nafta blindfolded, because what has happened in the case of Mexico is that they imported—the Americans and President Bill Clinton told the whole world that one million Americans, or thereabout, depend for their sustenance and employment on the Mexican economy. Do you think they gave Mexico \$50 billion for joke, Mr. President? That was no joke. It was to sustain one million jobs in America. So they have to import more from America and the current account in the balance of payments has gone into deficit.

We are going to reach there if we are not careful. This is why Dennis Pantin said in this article—[*Interruption*] We have not reached there yet. At least one thing he and I are glad about—we never allowed our currency to float. It never floated. Our currency is controlled by the Central Bank and the commercial banks.

Mr. President, what happened in Mexico is that they allowed their currency to float and allowed market forces to determine it. That is why this thing has collapsed. Anyway, all we would like to say, in conclusion, is that when these matters come before us, we would really like the hon. Minister of Finance in future to give us a panoramic view, a survey, of what has happened with Government's measures and policies within the first quarter, so that, as Senators, we will have an appreciation as to whether policies of the Government are working, or not. We have concluded, in no uncertain terms, that the policies of this Government are not working and if they are working at all, they are working for a small elite—a small group in this society are benefiting from the Government's economic policy. But the vast majority of ordinary citizens in our Republic are under tremendous pressure and strain.

We have to sound the alarm. We must "take in front before in front take us". In this situation, Mr. President, if the Government does not reorganize its economic policy, and if it is necessary, reintroduce price controls; if they cannot control the merchants through market forces, reintroduce price controls and put on the list a number of important items that poor people can now access—that is what it has to do.

If government has to declare a state of emergency, as Caldera did in Venezuela in order to take control, it has to do that, because the important thing is the people. Without people, Mr. President, there will be no development and it makes no sense that we are beating our chests and boasting to the world that all our figures are right, the balance of payments is in surplus, foreign reserves are up; the inflation rate is reasonable; we are seeing about our foreign debt—all these economic and financial indicators are good, but, at the end of the day, people matter! That is why the theme of our national assembly on Sunday and for the 1996 elections is, "Putting People First" [*Desk thumping*] We are putting people first in Trinidad and Tobago, Mr. President.

Thank you very much.

PROCEDURAL MOTION

The Minister of National Security (Sen. The Hon. Russell Huggins): Mr. President, I beg to move that the sitting of the Senate continues up to the third and final reading of the Finance Bill, 1995.

Question put and agreed to.

Sen. Prof. John Spence: Mr. President, it is not possible to repeat the budget debate at this stage, but there are one or two issues which, I think, are worth our attention. There was a great deal of discussion recently about the price of food and, particularly, the price of beef. Since one of the measures in the budget and in this Bill has affected the price of beef, I would like to spend a few minutes discussing that issue.

Before touching on that, I want to make a general comment and it is to do with the removal of these items—not just beef, but a long list of food items which are given in the Bill—from the negative list. They have been replaced by a surcharge which is to be removed, in some cases for three years in the case of beef, four years in the case of some of the other items. This really is in keeping, as Sen. Wade Mark has said, with the Government's policy of trade liberalization.

I think the sector that has been hit hardest by this policy is the agricultural sector and will continue to be hit hardest by this policy. I have talked about this in the past; Sen. Wade Mark talked about it a few minutes ago. I do not think it really makes much impression. It is a pity that the Minister of Finance is not here at the moment. I find that rather discouraging because, quite frankly, I think the absence of the Minister of Planning and Development and the Minister of Finance means that I do not think we are going to succeed very well in trying to persuade the Government to make any change, but nevertheless, I think one has to continue to try.

By way of introduction, I want to read from a book, which I think should be standard reading for all of the gentlemen on that side. I have referred to it before; I am going to read from it now. I had intended to read rather extensively from it, but given the late hour, I shall just read one or two critical paragraphs, which I think say much of what Sen. Wade Mark has been saying but, perhaps, since it is not said by a local person but one from overseas, in the context of the current influences, it may be taken with greater seriousness.

Hon. Senator: Perhaps the female Senators should read it as well?

Sen. Prof. J. Spence: Certainly, I thought I said everyone on that side. Did I say gentlemen? Yes, I apologize to the ladies. The ladies should certainly read it.

This is called *The Trap* by Sir James Goldsmith. I want to put Sir James Goldsmith in context, because when one makes these kinds of comments, one is accused in some quarters of being left wing or socialist or the like. Sir James Goldsmith was a phenomenally successful businessman and in 1990 he withdrew from business. He is an industrialist millionaire and devoted his time, from then

on, to more pressing issues as he considered them to be threatening our society. In 1994 he co-founded a new political movement, *L'Autre Europe*, and in an audacious campaign was elected a Member of the European Parliament. He now leads the new parliamentary group, *L'Europe des Nations*.

6.25 p.m.

Let us just see what Sir James says about this business of free trade. I must say that the three issues that he discusses in this book, all of which he thinks are leading us into a trap and to the eventual disadvantage of the world, are GATT—free trade, that is, nuclear energy which does not concern us directly but concerns us globally, and intensive agriculture.

The book is by way of question and answer from an interviewer and the interviewer says:

"You are opposed to global free trade and therefore to GATT. Why?"

Global free trade has become a sacred principle of modern economics theory, a sort of generally accepted moral dogma. That is why it is so difficult to persuade politicians and economists to reassess its effects on a world economy which is changing radically.

The ultimate objective of global trade is to create a worldwide market in products, services, capital and labour. Its instrument to achieve this is GATT, the General Agreement on Tariffs and Trade.

I believe that GATT and the theories on which it is based are flawed. If it is implemented, it will impoverish and destabilize the industrialized world while at the same time cruelly ravaging the third world."

Sir James sets out to indicate why he thinks this will be the case in another paragraph which I will read:

"Who will be the losers and who will be the winners under a system of global free trade?"

The losers will, of course, be those people who become unemployed as a result of production being moved to low-cost areas."

His main thesis is that there is likely to be a movement of capital to areas where labour is low-cost, and of course, we in Trinidad and Tobago, are a relatively high-cost area for labour. This, of course, affects our competitiveness in attracting capital. I quote:

Finance Bill
[SEN. PROF. SPENCE]

Tuesday, March 21, 1995

"The losers will, of course, be those people who become unemployed as a result of production being moved to low-cost areas. There will also be those who lose their jobs because their employers do not move offshore and are not able to compete with cheap imported products. Finally, there will be those whose earning capacity is reduced following the shift in the sharing of value-added away from labour.

The winners will be those who can benefit from an almost inexhaustible supply of very cheap labour. They will be the companies who move their production offshore to low-cost areas; the companies who can pay lower salaries at home; and those who have capital to invest where labour is cheapest, and who as a result will receive larger dividends. But they will be like the winners of a poker game on the *Titanic*. The wounds inflicted on their societies will be too deep, and brutal consequences could follow."

Mr. President, I have absolutely no doubt that there will be, in the not too distant future, a movement against free trade. Let us be absolutely clear, global free trade has not yet arrived and all of the countries with which we trade still have their barriers and subsidies in place, and in many instances, do not allow access to their markets. But we in Trinidad and Tobago, a small country, feel that we can be ahead of the game. We are so enamoured with this ideology that we want to move ahead of these countries with respect to removing our barriers and giving free access to our market. It is absolutely crazy and I cannot understand how we can move in this direction.

Recently at a meeting with a senior member of the university staff who is one of the most respected economists in the region—I am not going to name him but he was not Mr. Dennis Pantin—he said precisely what I am saying here today. I said to him, "You know, I am going to say that tomorrow in the Senate, but really if the university would say it, it would be a lot better. Because when I say it, it is just Spence again talking about agriculture." But mark my words, if we continue to think we can be ahead of the game with respect to free trade, we are in for some very sad situations in the not too distant future.

Why do we think we can do it? Why do we do it? Nobody has explained to me logically. Yes, free trade is good, but why can we not wait? Here we have the surcharge put on beef. We have removed the barrier, so we put a surcharge which is supposed to balance it, but is to be moved in three years; 20 per cent this year, 10 per cent next year, 5 per cent the year after and zero after that. What will happen? Of course, the beef industry in this country will collapse. It is small

enough as it is. Instead of saying, it is 10 per cent of our total consumption let us put it at 30 per cent; we are saying let us destroy it. We are not saying that, but the consequences of what we are doing will result in its destruction.

Mr. President, do you know what is going to happen and is happening already? Already the Government is saying it is not our fault that prices have gone up. That is the world outside. Of course, that is what is going to happen. That is what FAO was forecasting. FAO did a study of the effects of GATT on world trade and agricultural products and the result of the study was that those countries which are net importers of food are going to suffer, and are going to be disadvantaged because they will have to pay higher prices for food, if indeed the subsidies were removed in the other countries. Our only salvation is that GATT would not succeed and they would not be removed, because if they were, the prices would go up. They must.

The low prices that we get here now on beef, are due to subsidies in the countries of origin. If that subsidy was removed, the price of beef would double by which time we would have destroyed our beef industry and even the 10 per cent that we now supply would not be available to us, so the cheaper meat that we now get locally would not be available. I cannot understand. It just does not make sense to me that we do not see it. What is the driving force to be ahead of the game?

When it was announced that this would be taken off in three years' time, there was some suggestion that it was due to the Inter American Bank conditionalities and so the local director of the IDB office made a statement in the press that they had done nothing of the sort. They said 15 years but we feel we actually moved it in three.

Even the way that we have done the surcharge, Mr. President, has resulted in much higher prices for beef than need be on the local market. I looked at the figures with respect to the importation of the beef. We import 10 million kilograms of meat and we produce one million kilograms of beef. The 20 per cent surcharge on the imported beef would bring in a revenue of \$24 million. That is the calculation I have given the landed price of beef and the volume of importation—\$24 million. Now, if instead of a 20 per cent surcharge, we charged a 5 per cent surcharge which would be \$6 million and we took the \$6 million and put it as a subsidy on the local beef—as I have suggested before in this Senate that what we should do is to tax the imported one, and put it as a subsidy on the local one, and because it is a 10:1 ratio we put a much lower tax on the imported and put it onto the local beef. I have consulted with local producers and a \$6 per kilogram subsidy would be enough to make the local beef competitive.

Finance Bill
[SEN. PROF. SPENCE]

Tuesday, March 21, 1995

What is happening is we are setting up different sectors of the society against each other. Here is the Minister of Agriculture, Land and Marine Resources defending a decision on beef imports and trying to imply that it is all the fault of the farmers. It is not the fault of the farmers. It is the fault of the Government for not thinking through how they put on the surcharge. If it had put on the surcharge differently and used it as a subsidy, dedicated like the road tax, not to go into general revenue so that the farmers will get it six months later and that would be the end of them, but a dedicated tax, they could have done it differently. Let us be quite clear, the higher price for beef locally is due to the way the Government is implementing its policy with respect to protecting the local beef industry and nothing else.

Mr. President, removal of the surcharge in three years' time. Are we going to have the regulations for the anti-dumping legislation by then? No country exposes itself in that way without protective measures in place, but we are doing it. What is wrong with us? No country removes its barriers before it has protection against subsidized imports ahead of time. Why are we doing it? Will somebody on the Government side tell me why we are doing it? Why? Why are we so stupid? That is what we are doing and we are doing it in this country. Everybody seems happy with it. I find it very difficult to understand, Mr. President.

I was in the habit, and still am in the habit, of recording the budget presentations of the Prime Minister and the response by the Leader of the Opposition on tape so that I can look at them subsequently before the debates come to the Senate. Just by chance, I happened to have kept—and I found it recently among my old tapes—the presentation in 1990 of the then Leader of the Opposition, and his presentation was on Free Trade. I would not say that he was hysterical, but he was certainly very forceful in his presentation against free trade.

6.35 p.m.

Hon. Senator: Times.

Sen. Prof. Spence: Times have changed? What has changed? I am quite happy to sit down if the Senator could just tell me what has changed. The Government policy has changed. Nothing in the environment has changed. So that means that the time when he made that, he did not have enough information. Was that it—so he could not judge his policy effectively? I just do not know.

There are two other issues to which I would like to refer. But just before that, why are we not creative in the way that we address the problem of complying with the GATT provisions and also protecting our farmers, or protecting our manufacturers? Why do we not sit down and use our savvy, as Arthur Lewis said—live by our wits? So I decided, myself, since I am urging the Government to do this, to sit down and think of just one example in which, by using our brains, we could do what the other countries do, that is, live within the rules but at the same time look after our own interests. I said, all right, let us apply it to the agricultural sector. How can we find an issue in which we can perfectly, legitimately obey the rules of GATT but favour our own production process? I said, you know, there is one thing that we have unique in Trinidad and Tobago, and it goes back to beef. We have the water buffalo. Now it happens that the water buffalo has lower cholesterol and lower fat, so it is a much superior meat from the point of view of coronary problems than is normal beef from beef cattle.

In the United States, I understand, it is sold at a higher price. So why do we not decide that we will put a VAT on beef—because I believe there is no VAT at the moment—of five per cent, say, and not on buffalo meat, on the grounds that we want to increase the health of our population? There would be no problem with GATT. If anybody wants to sell us buffalo meat, it has to come in without the VAT. So we are not discriminating against that product or against foreign persons who would want to sell in our market.

In other words, if we sit and use our brains we can think of ways. That is what the other countries do. Every year when vegetables are being shipped to the United States from Jamaica and the Central American countries, when the harvest comes in, in Florida and California, the incidence of pests that are found on produce coming from Jamaica and Costa Rica increases. Why? The quarantine service finds more pests. It is as simple as that. That is perfectly legitimate within GATT.

We have not got the savvy even to protect ourselves. That is what I find so irritating and frustrating. Why does the PNM party not have a think-tank to think out some of these things, if the Government ministers are too busy? The Minister of Finance is too busy to come and listen to our contribution here. So let the party set up a group to think about it. Somebody has got to think about it because they are the only people who can influence the Government. Honestly, Mr. President, I think we are on a very sad path, because we do not seem to be protecting ourselves.

With respect to Nafta, nobody has yet said, anywhere that I have been able to see, what are the benefits of going into Nafta. It is embraced by the Opposition as well. Will somebody please tell me what are the pros and cons of entering into Nafta?

Finance Bill
[SEN. PROF. SPENCE]

Tuesday, March 21, 1995

I listened to Dr. Gill and he has very grave reservations. I read Sir James Goldsmith, and he is suggesting, in effect, free trade areas among like entities that will then enter into bilateral negotiations with other free trade areas. He says, the problem is that if you try to equate where there are big disparities, you run into difficulties with the trade imbalance. So our entry into the US market may have a problem there.

But will somebody please sit or stand and tell me: What are the benefits of going into Nafta? Is it an increased market? Read Frank Rampersad's article two Sundays ago in the *Express*. What Frank says is that we have had all of these market possibilities through CBI, through ACP benefits, and so forth, in Europe, and we have not taken advantage of them. Who is to say that when we get the markets expanded we are going to take advantage of it. Let us first see if we can take advantage of what we have and then we know, having done that, we are now at the bursting seam where we have taken full advantage of the opportunity, we know that we need more opportunities. But we say, no, we must have these better opportunities because then we would take advantage. Why? We have the opportunities now. But what that entry will do will be to completely open our doors and then other people would take the opportunities and the advantages which we have given them and to which we cannot respond.

So, please, would the Opposition, and the Government in this case, tell me what are the benefits of Nafta? Because I am quite puzzled. Certainly I have not seen any authentic statement, but we are rushing headlong. We are very upset because we may not get in. In fact, the only thing that would save us is the fact that we probably will not.

I really feel that we have to rethink this policy with respect to the agricultural sector. It is being based on the theory that we must be competitive in a world market and that we will produce what we have an advantage in so doing. We must have a competitive advantage. One of the agriculturalist economists in the university said to me recently—he has done a study for the Government—in all of his studies, his conclusion was that after free trade, after the complete elimination of all the barriers, the only agricultural enterprise that would survive in Trinidad and Tobago would be cocoa. All the others, by his economic analyses, would not survive. So there we are. We can produce cocoa, and that is disappearing fast.

If the Europeans and the Americans do what the British have done and allow five per cent non-cocoa butter fat into their chocolates, the cocoa market will be very seriously affected. It just takes one decision like that. If they allow chocolate

in the United States to be called chocolate, even if it has five per cent other butter fat, as the British do, our chocolate market would be affected severely. So that is the one agricultural enterprise on which we can survive.

I said, "No, but what about vegetables?" He said, vegetables will come in "free-sheet". Do not worry about that. We will not be able to compete.

We do not understand that the matter is a very serious one; that the result is severe dislocation in the rural sectors and a different sort of lifestyle in Trinidad and Tobago. If that is what we want, fine, but let us at least go into it with our eyes open. Let us know what we are heading for, because I suspect that, by and large, there is not a complete and thorough understanding of the path that we are taking. If there was, I am convinced that there will be enough pressure within the party that is ruling the country and within the Government that we would not be taking it in the aggressive way that we are doing it.

Thank you, Mr. President.

Sen. Muntaz Hosein: Mr. President, I am very happy today to be treated by Sen. Prof. Spence's quotations from the book called *The Trap*, written by Sir. James Goldsmith. As you recall, the parallel book to that, which I quoted from in a few debates in this House, is called *The Case Against Free Trade*. I am very happy to see that there is another book coming out of England, or Europe, that parallels the case against free trade. Sen. Prof. Spence might have me knocking on his door to borrow that book because it might make interesting reading.

I want to associate myself with Sen. Prof. Spence's contribution today, because, as you know, the points raised by him are those also raised by myself and the position I have taken in the past with regard to agriculture and the question of free trade.

6.45 p.m.

Mr. President, we have such an expert as Sen. Prof. Spence in our midst and I cannot understand why the Government does not seek his services and advice, because he has the necessary experience and expertise to help us. His track record in agriculture is not paralleled by any person I have known in Trinidad and Tobago. I congratulate you, Sen. Prof. Spence.

I want to tell you, Mr. President, that it seems that we would have to make Sen. Prof. Spence's services available to the Government of Trinidad and Tobago.

I want to put the record straight with regard to the Opposition's position on Nafta. The Professor wants the Senate to be aware of the Opposition's position on

Finance Bill
[SEN. HOSEIN]

Tuesday, March 21, 1995

Nafta. We feel that it would provide Trinidad and Tobago with greater market access. We feel that the world is being divided into trading blocs and if we are not part of one of the trading blocs—and since Nafta is on our doorstep—we may very well be left out and, therefore, the progress of Trinidad and Tobago may be hindered.

We feel that if it was left to us, our entry into Nafta would be with safeguards, and one of the safeguards we would want would be for our agricultural sector. So, Sen. Prof. Spence, I hope you have the picture, in a nutshell, of how the Opposition sees our entry into Nafta. We feel that if we can lobby well enough, and if we are able to negotiate well enough, we may have the free movement of capital, labour and goods within that trading bloc which could benefit Trinidad and Tobago.

Sen. Prof Spence: Mr. President, I just want to be sure that I heard the Senator correctly. Did he say labour? And he is thinking of joining Nafta?

Sen. M. Hosein: I did say that we would lobby and negotiate for what I have just said. In other words, we are not looking for Nafta based on what it is presently. We feel that we must negotiate a good deal for Trinidad and Tobago. We are not blind mice. We want to go in with our eyes open and we must know what is in the best interest of Trinidad and Tobago. That is paramount to our interest.

Therefore, I want to make it clear that our interest is not pocket and what people put in it. Our interest is the betterment of Trinidad and Tobago.

I want to draw the attention of the Senate to clause 5(e) of the Bill. If one reads this clause, one would see that maintenance paid to a spouse in respect of a child is tax exempt up to \$1,200 per annum. If one examines the tax regime regarding separation, one would see that the tax regime seems to be encouraging people to divorce or be separated. If one is divorced or separated, whatever payment the husband makes to the wife, by court order, is tax exempt, but it is not so if one is married and living together; one has to pay tax on that money.

Here we are seeing that if there are children involved, payment to each child is \$1,200 per annum, so that it weighs very heavily in favour of separation and divorce. I would like to encourage one of the Ministers present—in this case the hon. Leader of Government Business in the Senate today—to take note of this because I think it is too heavily weighted in favour of separation and divorce and I do not think this is intended. I would hate to think that this was intended.

It cannot be that \$1,200 tax relief to a mother who is separated can be anywhere sufficient. As one knows, when a marriage breaks down, in the main—maybe 90 per cent or more of the cases—the ones who suffer more are the women and children. That is the way it is. Whether we like it or not, that is the problem. Therefore, I am saying that our tax regime *[Interruption]* I am not talking about special cases of Ministers and so forth. I know some Ministers probably get licks and so forth, and I am not talking about that. I am talking generally; about 90 per cent of the people. This is the truth, whether we like it or not.

Let us take the case of a housewife—a woman who has never worked, but has been a loyal wife, and the marriage breaks down—forget who is to be blamed—and she goes with the children, maybe, one, two or three; she is not marketable in the job area, but she may receive some kind of separation arrangement. Even if she finds a simple job which pays \$16,000 per annum—which is the amount for which one does not have to file an income tax return—she is in receipt of moneys; but now, she receives money on behalf of her children and what she would get is \$100 per month per child. One knows very well that it would be difficult to feed a dog on \$100 per month.

Therefore, I am saying that in order to accommodate that kind of trauma experienced by the mother and the child, our tax regime should give a better and higher tax break. I am suggesting \$6,000 per annum for each child, so that one makes the transition period for the children and that mother as smooth and easy as possible. I expect that all women on the opposite Benches would support me and agitate at their caucus to get the Minister of Finance to make the necessary changes.

Sen. Robinson-Regis: Mr. President, on a point of clarification. I am not sure that I am understanding the Senator correctly. Is the Senator suggesting that the Bill is attempting to limit the amount that can be paid for the maintenance of a child? If that is so, what the Bill is seeking to do is to correct a situation that existed where when a spouse was paid a certain amount—and the amount is stated here—income tax accrued on that amount. What has happened with this particular section is an improvement in the situation that existed previously.

Sen. M. Hosein: Thank you, Madam Minister, but you misunderstood me. I understand that and I know it is an improvement on what existed before. I am saying it is insufficient. Twelve hundred dollars per child per annum is \$100 per month and it is going to be very *[Interruption]* Yes, that is what it is. Twelve hundred dollars per annum is \$100 per month. That is the maximum non-taxable amount. Does the Minister understand what I am saying? That is the maximum

Finance Bill
[SEN. HOSEIN]

Tuesday, March 21, 1995

non-taxable amount. What I am saying is that the non-taxable amount should be \$6,000 per annum. That is the point I am making.

6.55 p.m.

Mr. President, let us go to Part V of the income tax regulations on removing the requirement for tax exit. I congratulate the Minister of Finance for removing the tax exit. I have campaigned for a simpler system but we received none at all, which is very good, however, there still exist some areas that need to be looked at with regard to this.

Mr. President, you would remember that the Junior Minister of Finance had promised to look into these matters; one of them is the question of outstanding refunds. You would recall that information reaching me suggests that income tax refund dates back to 1991, and people are not receiving their refund.

I want to recommend again, as I did two years ago, to the Minister of Finance, unless a penalty is put on the income tax refund, as on VAT, after six months, if the VAT office does not pay your refund, interest is accrued on it in similar fashion as if you do not pay. But in the individual tax, if an individual does not pay his taxes on time he has to pay interest, but when the Government does not give him his refund no interest accrues. Unless we put a penalty, we would not be able to speed up that refund process. It is totally unfair to the taxpayer, and I hope that the Leader of Government Business would put it forward to the Minister of Finance once a gain. There are too many people out there who are suffering.

Looking at clause 8(c) of the provision and the imposition of a special tax on motor vehicles, household and personal effects imported by a returning national, I can understand the interest of the Minister of Finance in this clause. We are fully aware of his interest in this clause and I think it is a good one. It is not a bad one at all. There may be some interest in it by the Minister of Finance, but one cannot get away from some special interest at times.

If one goes to the Seventh Schedule one would see that there is a need for Government to juggle protection of the farmers with that of lower food prices. We can understand that there is that kind of need to do it. Having accepted trade liberalization they are now caught in a vice. On the one hand I am certain that they would like to protect the farmers, and on the other hand they also want to go on with the trade liberalization and open the market, hoping that it would lower prices.

Mr. President, you would recall that when this debate came up, we warned the Government that lower prices would not work. They said in 1994 and 1995 prices

would fall flat. That was the Prime Minister's statement. But quite the opposite has happened, instead of prices falling flat prices have gone up, and one would see, as a matter of fact, that the price increases are as a result of Government's policy.

Having removed the protection and having embraced trade liberalization, removing the duties and surcharges and so forth, they have now opened the market. You cannot, on the one hand, talk about an open-market system, a market that is driven by supply demand and when the supply and demand produce higher prices, you put your hand in the air and say it is the merchants to be blamed, they are not passing on the benefits to the consumer. You cannot do that.

Having accepted trade liberalization you have to live with the results or backtrack and put measures in place to protect your people. That is what has to be done. You would get nowhere.

I recall when we debated that matter the Minister of Finance said to us, "no, no"—and I think Sen. Rahael supported the Minister on that, and said that market forces would drive the prices down. What has happened? Quite the opposite. You cannot now come and say that the price of potatoes has gone up to \$2.00 and that is because of external forces. That is what we told them. We told them that was going to happen and that is exactly what has happened. Having accepted trade liberalization, you now have to live with it.

I agree with Sen. Prof. Spence, totally, when he said that when you remove the surcharges and the duties by 1998, the beef industry will disappear, and that is a fact. The very people that the Government is trying to protect, it is going to lose them, and when it loses them there would be no food security and more people would be on the breadline. That is what would happen.

Mr. President, that unassuming vegetable called potato has been the downfall of many a politician. I recall the former Vice-President of the United States, Dan Quale, had problems spelling potato. Do you remember that, Mr. President? Today our junior Minister of Finance has a problem distinguishing between Tobago and potato. It looks like potato would be the downfall of another minister, another politician.

For example, much has been made by the other side, and you hear and read it every day—they are talking about balancing the books and creating surpluses. These measures in the budget are designed to create surplus, but they are telling the public that they have created surpluses. I ask you, Sir, to examine how these surpluses are created and you would see that there is no magic in it. The Government is simply not paying its bills.

Finance Bill
[SEN. HOSEIN]

Tuesday, March 21, 1995

If you do not pay your bills and you are receiving income you must have a surplus. Ask any contractor in Trinidad and Tobago when last he got paid from the Government, and you will understand what I am saying.

7.05 p.m.

The road tax is paid and collected by the Government in advance, but it is not paying the bills. If one is not paying one's bills and is receiving money, obviously there would be a surplus. The surplus which the Government is talking about is an artificial one. It would be instructive—The Minister is not here. I hope in his winding up that he would be able to tell us the true picture with regard to Government's indebtedness, especially to local people in Trinidad and Tobago. Everywhere one goes one can hear that the people who are supplying goods and services to the Government are complaining that they cannot get their money. That is the problem.

If we go to the Seventh Schedule again, I want to draw your attention to the question of dates and figs. Now I do not understand this. I can understand that the Government attempted to protect the beef industry by the duty structure. Who is the Government trying to defend here with dates and figs? We do not plant dates and figs in Trinidad and Tobago. Why should they be carrying heavy duties? Why were these not put as duty free?

Sen. Yuille-Williams: I was wondering whether he would say *sici yea* fig.

Sen. M. Hosein: No. Those are bananas. We are not talking about bananas. That Senator has to be educated. The same applied to apricots, peaches, nectarine and plums. Those fruits are not grown here. Whom are we trying to protect? I think that some civil servant simply took it *carte blanche* and put it in a bunch and said that is what they are going to do, and because the customs item numbers are the same it was put there. I recommend that the Minister takes a good look at those items which are not produced here and which pose no real threat or competition to local producers and remove them.

I hope that what we have witnessed today, we will not witness again in the Senate. I would have thought that the Minister of Finance and Tourism would have treated the Finance Bill and the Senate with greater respect. Neither he nor his junior Minister of Finance is here. Although there are note takers, that is all they are. The substance of the discussion that we are having today cannot be conveyed unless the Minister or his junior Minister is here.

Let us face it. I do not want to speak ill of anybody, but certainly, these gentlemen are not in the Ministry and cannot appreciate the debate we are having. I hope that this message gets back to the Minister of Finance and that on the next occasion he will treat this Senate with more respect than he has done so far. I hope that the *Hansard* record will be passed on to him. If it is left to these notes that these Senators are taking, it would be very erroneous. Therefore I recommend that all the *Hansard* notes be passed on to the Minister.

The Government is making blunder after blunder. If when a government makes a blunder it is only the government that suffers, we would not have a problem, but when it is put in charge of a country and it makes a blunder, everybody suffers. That should not be. We should not allow people to make such blunders which affect the entire community. This is why some sanction should be put on the Minister.

Sen. Huggins: Which Minister?

Sen. M. Hosein: The Minister of Finance.*[Interruption]* I am not talking about me. I cannot do anything like that, but there should be one because this is receiving money under false pretences. He is being paid to do a particular job and he is not here to do it. If the free press was really a free press, it would have put that headline in the newspaper tomorrow. I cannot expect that. There is one camera and it is controlled by the Government and they would not put anything like that. That is a sad state of affairs.

On that note, I thank you.

Sen. Dr. Eric St. Cyr: Mr. President, I believe that we still need to have a full blown debate on the major shift on Government's economic policy which has become more and more evident over the last year. Today is not the day for that debate.

I just want to make a few brief remarks on two matters coming out of the Finance Bill. The first is that we really have to get it absolutely straight that income derives from work, from production. It is only in the production of usable and marketable goods and services that employment is generated. We really need to get those fundamentals in place. There have been some major long-term shifts in the world economy, so that increasingly the world has gone through a major technological revolution which has changed production possibilities in a number of countries and shifted the balance in the direction of services. We see a great deal of service activity. We as a small trading nation must assess how we adapt to that major long-term shift.

Finance Bill
[SEN. DR. ST. CYR]

Tuesday, March 21, 1995

I am rather disturbed, from a moral point of view, by the evidence I see of the Government increasingly leaning on gambling as one of its sources of revenue. I believe, and I will say it without arguing the point, that is wrong. I understand that wealth gotten by vanity shall be diminished, but he that gathered by labour shall increase. That is a fundamental principle. When we deviate from those basic laws, we run into long term problems.

However, the main point I want to join the debate on is that very important issue raised by Sen. Prof. Spence. The world has never known free trade, not in the history of it. There was a brief period when Britain in 1846 abolished the corn laws, and went on to a free trade period. She was the most powerful industrial nation and the most powerful military nation, and forced a number of other countries to open their ports. It only lasted 25 or 30 years in Britain itself when that movement collapsed.

When the world sought to reorganize the economy after the war, there was a relatively easy passage to the formation of the United Nations organizations. There was always a proposal for a world trade organization, and that never got off the ground. They settled instead for a lower level of agreement called the General Agreement on Tariff and Trade and since 1948 they have been trying to move away from GATT back to that elusive creature of a world trade organization.

7.15 p.m.

Personally, I think that it is a figment of the imagination. It is just not attainable because people do live in communities of widening sizes and we tend to look after interests at home first, then the wider community. I do not think, just as all the families do not put all their wealth and income on the table and say take what you may, that the nations of the world will ever come to the position where this free trade ideology would be operational. I think that we just have to live within our national boundaries and organize as best we can. I believe, quite frankly, that we have to maximize the use of the productive resources within our national boundaries and the most secure is always agriculture. I understand that there is an adage that he who tilleth his land shall not lack bread, which is the basis of life. We, I believe, have to come to terms with the reality of this situation.

In the Caribbean we have, and have had, some of the most knowledgeable people on this matter. Sir Arthur Lewis, as I have mentioned before, made the point very strongly, and I am not going to repeat it. Coming from the practical side of seeing how GATT works, the present Vice-President of the University of the West Indies was for many years the Deputy Secretary General of the United

Nations, working in Geneva on this specific practical problem. We have more expertise on this in the Caribbean than any other nation our size, and we have to access and use it to advantage.

I would summarize by saying that I am appalled that we should be increasingly a nation promoting gambling. That simply puts money from one pocket into another. It does not increase wealth and income. It is a will-o'-the-wisp; it is chasing after something elusive, and if we are budgeting in a way that estimates so many million dollars from taxes raised from gambling, we are going the wrong way.

Secondly, I strongly believe that we need to have a fundamental re-assessment of the broad economic direction in which we are going and certainly, as Sen. Prof. Spence has said, taking the lead in liberalizing one's economy is really asking for trouble.

With those brief remarks, I thank you.

Sen. Michael Mansoor: Mr. President, having regard to the hour, I shall be very brief.

I believe that this is the ninth occasion on which I am privileged to participate in a debate on a Finance Bill for this country, and experience tells me that no amendments are entertained or perhaps even considered, so I will not use the Senate's time to deal with the detailed provisions of the Bill because I think all of us know that it will go through as it is, whatever we say.

There are a couple of very fundamental issues which I would like to use this opportunity to talk about simply because I believe that government after government, budget debate after budget debate, year after year, we see those principles of taxation violated and when this is done the consequences are always unexpected and unsavoury.

One of the principles is that of equity. We see example after example when this administration and the previous administration seek to use tax legislation to accomplish specific ends. An example of the most recent vintage is that we are using tax policy to attract nationals back to Trinidad and Tobago. It may be a good idea to look at our nationals abroad as a brain drain and try to bring them back by tax policy, but what are we doing?

We are essentially giving returning nationals the opportunity to own a car at approximately 40 or 50 per cent of the price that the rest of us have to pay. I ask

Finance Bill
[SEN. MANSOOR]

Tuesday, March 21, 1995

the question: Is this fair? A returning national can bring a vehicle back, use it in his business and pay half the price. He does not have to pay taxes like the rest of us. The answer is obviously no. It is not fair.

What will happen is that every returning national will come back with car and all. Every returning student will now have a car and this is a very good example of how we start off with a laudable objective; we try to use taxation to accomplish it, and I am almost certain we will have to change this in the very near future because it just will not work. It will be abused. It is not fair.

Another example of blatant unfairness is the provision in this Bill for BWIA to be exempted from taxation. How can this be fair? How can a government use its taxation policy to isolate one company, partly foreign-owned to be free of corporation tax? Is that fair? I am not impressed at all when I am told that it is a part of some negotiation. Negotiate it differently! Tax policy has to be palpably fair and that is very unfair. Why should one corporation be free of tax?

Let us look at another very fundamental matter which is a drama that is unfolding. The previous administration started to monkey with mortgage interest and repairs to personal houses. This administration has changed so many times that I have forgotten, what is the present status quo. Sen. Ainsley Mark, who I believe is a tax practitioner, knows that in administering people's taxes, every year there is a different rule. Just to keep track of this is a profession in itself.

The matter of house repairs—mortgage interest—they flip-flop on it. And then two years ago, they said, "Well, if you build a house for rental, you can deduct the interest from your other sources of income and the rental income is tax free." So, if you were lucky to be caught by that provision, you have a tax freeness. I ask: What about the rest of the citizens? Whenever government uses tax policy to create these perceived economic benefits, we always end up in difficulties, the results are always unexpected and the consequences cause us to have to change the legislation again.

7.25 p.m.

This brings me to my next point, which is the question of permanence of our legislation. We have flip-flopped our taxation policy on interest, for example, interest income which has changed so many times and now we seek to make a differentiation for people over 60 years of age, because we say that helps pensioners. How many savings accounts or fixed deposit accounts have been moved to people who are over 60 years of age? We are using taxation policy to try to accomplish an end and it should not be that way; taxation should be fair and

there should be a degree of permanency, so that people can plan their financial affairs and not have to depend on a Minister listening to my argument as opposed to someone else's argument, year after year, in this charade that we call the budget debate. Mr. President, I ask: What is the principle of equity and the principle of permanence?

The last point I would like to make is one that perhaps reflects the politics of the day. We hear more and more about elections in the air and whenever elections are in the air I tend to listen to the Opposition a little more carefully than I listen even to the Government, because I operate on the principle of better the devil that one knows than the one you do not know. Thus, I took a lot of time to listen to Sen. W. Mark in his dissertation as to how he would deal with the seven per cent tax reduction for corporations. I really want to ask Sen. W. Mark, whether he believes he is credible when he says that governments should seek to tell corporations how to use that seven per cent and should seek to monitor it.

This administration and the previous administration have found out to their chagrin that governments cannot run businesses. They have told us this. Why should Sen. W. Mark feel that his "government" would be able to tell businessmen how to utilize this seven per cent tax savings? The other point he raised was the unemployment problem. Even if some of that seven per cent is paid out as dividend income and is used for consumption purposes—well, those things help the economy so what is wrong with that? Why should a prospective government seek to control that when the historical experiences show that those interventions have always failed? I really would like to ask Sen. W. Mark and his "government" to tell us what they really mean, because he appears to have castigated the Government for so organizing its affairs that the exchange rate has remained relatively stable; though quite rightly, he made a good case for measures to be taken against increasing food prices. One obvious measure is control of the exchange rate. If as an alternative government the UNC is going to let this currency float freely—*[Interruption]*

Sen. W. Mark: Mr. President, I would like to make a clarification on that, could Sen. Mansoor give way?

Sen. M. Mansoor: Mr. President, I am not giving way, simply because I am not making any statements, I am just expressing suppositions. I am saying that if it is that Sen. W. Mark's "government" would let this dollar flow freely, I would like to know what they are going to do about milk and potato prices that come from currency areas that do not use the US dollar? That is what is affecting this. All I am saying is that in this season the Opposition needs to tell us precisely how

Finance Bill
[SEN. MANSOOR]

Tuesday, March 21, 1995

it is going to deal with these issues because in the absence of very clear explanations as to what will happen, the population—the little people—really do not know what is being proposed.

Sen. W. Mark: Mr. President, I am saying that nothing that Sen. Mansoor has said in terms of the question about the foreign exchange arrangement, I, in fact, said. I want to clarify my position in this matter.

Hon. Senator: How you touchy so?

Sen. W. Mark: No, I am not touchy, I do not like people to misquote me.

Sen. M. Mansoor: Mr. President, if I said something that was wrong I would gladly withdraw it, but in this particular case I have not said anything that was wrong. I listened to Sen. W. Mark very closely, and I repeat what I said, that if he is going to castigate the Government for dealing with the exchange rate in one particular way he should tell us in fairness, how he is going to deal with escalating prices and the effects of what I see as a runaway dollar? *[Interruption]* Mr. President, I am sure that Sen. W. Mark will have his opportunity to do that. I want to put him on notice that we are listening. *[Interruption]* Mr. President, I am going to finish very shortly because I know the hour is late.

I just want to end on one last point, which the Attorney General made this afternoon. I think it applies in the economic sphere. If I understood him correctly he said that implementation was going more slowly than the Government had anticipated, and because of that the legislative programme was being looked at with a view to, perhaps, slowing it down a bit.

Mr. President, I suggest that that logic also applies in the business and economic sphere; that I rather suspect that the implementation of many of the measures which have been taken is not happening as quickly as the Government may have expected and because of that there is some dislocation in the society. So that I would ask the good Minister, whom I welcome back to the Chamber, to consider the points made by Sen. Dr. St. Cyr and Sen. Prof. Spence, that maybe the time has come for us to rethink and to have a good look at the economic policies that we have put in place and to see how they have affected us in terms of unemployment statistics. Have they really accomplished those changes in policy which the Government expected? I believe it was a great man who said, "that an unexamined life is not worth living," and I sensed that the time has come when the Government would really do this country a great service in looking at the effects of its economic policy; perhaps, most importantly, providing hard data as to whether or not the charge made here this evening by certain persons that the

population is being impoverished is true or false. I do not know. I suspect the Government does not know. Mr. President, I think the time has come to re-examine these economic policies and to learn from the recent experiences with a view to making the changes.

Just on this one matter of liberalization, if it is that our anti-dumping measures have not been implemented so that we cannot really deal with that, manufacturers are at a disadvantage. I believe the good Minister knows that for anyone trying to export into the United States it is a nightmare; all sorts of non tariff barriers are put up against you, labelling this, that and the other; even product liability insurance which many manufacturers in Trinidad and Tobago just cannot afford in the United States. That is also a barrier.

Mr. President, I want to associate myself with the request that Government rethinks—looks at once again—the policies that it has followed and the policies it has carried on from the previous administrations.

Mr. President, I thank you.

7.35 p.m.

The Minister of Finance and Minister of Tourism (Hon. Wendell Mottley): Mr. President, the debate has moved into a realm away from the specifics of the individual measures and has dealt with a number of policy and ideological matters concerning our push for trade liberalization and a number of matters such as GATT. Perhaps, I should first deal with those broader aspects of policy matters.

This has been a recurring decimal and I have dealt with it extensively in this Senate and the other place. The debate really at this stage, except on points of clarification, is not contributing to the economic advancement of the country. The facts are that GATT has been passed and assented to by all the major countries in the world. As a result of the accession to GATT, we have already seen some reactions; notably the subsidies in agricultural products being gradually reduced. This has had an effect on us in that ERP on wheat and so forth has been most drastically reduced. As a result of the subsidies being reduced in these major countries, the price of some of these agricultural commodities has gone up and this has impacted on our supplies here in this country.

The point I am making is that GATT is a reality and conformity with it is a general rule. There is always some play at the margin that one can engage in, but open confrontation with GATT by a country the size of Trinidad and Tobago—1.2

million people—is just not on the cards. That is why I am questioning the general tenor of the debate and the questioning of matters of this nature that have long passed us.

Sen. Prof. Spence: Mr. President, it is a great pity that the hon. Minister did not attend today's discussion because no one suggested what he is now saying that we suggested. What I have said repeatedly, and I certainly said it in this Senate this afternoon, is that we play by the rules of the game but we are not doing that. What we are doing is going much faster than the rules dictate that we need do. That is precisely the point. It is a great pity that he did not listen to the discussion.

Hon. W. Mottley: Mr. President, in relation to another matter, that is, the Mexican experience. The Mexican experience is one in which the market economy was functioning. There had developed certain problems in the inflows of capital into Mexico. The inflows, especially on short term had caused an imbalance in the Mexican economy, but these items might have been quickly remedied except for the exposure of the underlying political problems in the Mexican economy. All analyses of the Mexican situation at this stage are revealing that it is the underlying political problems in Mexico that are at the root of the problem. All of the economic analyses in Mexico have clearly indicated that the problems were remediable and that adequate economic steps have been taken but now the fundamental weakness of the PRI, the Mexican political process, is what is at question and this is causing the continuing instability in Mexico.

I have made reference to these matters in other debates in that Trinidad and Tobago is a different country with different circumstances. One, our political circumstances are radically different. Even our economic circumstances are different in that some of the marginal problems from which the Mexican economy suffer we do not suffer from here. Most notably, we do not have hot money inflows into this country, into our stock markets and bond markets. Our flows of capital are principally on long-term Government borrowings as well as private sector long-term investments in concrete, steel and so forth. It is not true to say that the Mexican experience is such as to undermine the general drift in trade liberalization or the veracity of its result as far as it affects countries such as ours.

If one looks outside of Latin America to the Asian countries one would see that the results have been sustained over quite a long period. Therefore, one should not attempt to debunk the experience based solely on what has been happening in Mexico.

Mr. President, the question of prices was raised by a number of Senators on the other side. The Government is not in control over many of the price increases which have come about. A number of duties were reduced and these reductions have led to price reductions in some of those areas. In matters such as potatoes, wheat import and so forth, these prices are internationally determined over which the Government has no particular sway. Nevertheless, as I indicated in another place, there are some areas where the Government has some measures of control and it is moving, not in the old direction of trying to re-impose price controls, but attempting to stimulate competition and in that way influence price movements. More of that will be said by the Minister of Consumer Affairs on another occasion.

Sen. W. Mark: We look forward to that.

Hon. Senator: We hope it will be a meaningful contribution.

Hon. W. Mottley: Mr. President, it was stated that the local manufacturing industry is being very severely impacted upon by trade liberalization measures. This is so; and the Government never pretended otherwise. The effect of trade liberalization is to promote competition and exposure to international competition and in so doing promote efficiencies which ultimately will have the capacity of driving local manufacturing industries into levels, cost of production and capacity of service that they step out of the narrow local market and find that they are serving world markets. This has been deliberately done because narrow markets, such as ours, served our purpose in the short run, but the capacity of these companies to grow came to an end very soon, servicing only small and even Caricom markets. The Government is therefore trying to do the best thing for these manufacturing industries in forcing them to take the kind of steps which will make them internationally competitive so that they can serve world markets and therefore have the capacity to grow and employ Trinidadians and Tobagonians. This involves change, and change is not always easy or pleasant and sometimes there are casualties; but this is an inevitable fact of economic life.

The Government is not overly disturbed by what it is seeing. Yes, some companies, notably some of the local branches of international operations, are able to look at their global operations and source particular products from cheaper sources elsewhere. There has been a degree of rationalization in the product lines of a number of these multinationals operating in Trinidad and Tobago. Whereas before they might have produced a range of 25 or 50 items they now tend to specialize in those items which they have the best advantage in producing and cutting out the production of several lines and importing those lines from their

Finance Bill
[HON. W. MOTTLEY]

Tuesday, March 21, 1995

sister companies sourced all over the world. That has been their reaction. A number of local manufacturers do not have that choice and they are concentrating on the things they do best and moving strongly into exports, especially into Venezuela, Puerto Rico and even the United States of America.

7.45 p.m.

We are seeing a high degree of success by some companies and that has started to catch fire—the feeling of defeat in the manufacturing community is not there as it was, perhaps, earlier, because they have seen some leadership; and other companies are following and there are some very, highly successful domestic manufacturers who are blazing a trail of success.

The information that I have from the Ministry of Trade and Industry is that, yes, there have been some companies that have faltered, but there is growth in several other companies—several companies have gone on to double and triple shifts and that we are not seeing a decline in manufacturing employment at this stage. The argument is, that will come later. That is the argument that our opponents are putting, but at this stage, Mr. President, we are not seeing that; and we are hoping that the growth in the very aggressive companies will compensate for any declines that may have been occurring.

Furthermore, some companies which thought they could simply stop manufacturing and go into trade are finding that trade is an extremely competitive business in the environment we now have and they have, therefore, stopped believing that trading and importing was an easy option and are therefore devoting more time to the success of their own manufacturing operations.

Sen. W. Mark: On a point of clarification, will the hon. Minister tell us how soon would the Government be enacting the Anti-Dumping and Countervailing Duties Act; and its accompanying regulations? What kind of time-frame would there be, having regard to the fact that it was passed in 1992 to protect our local manufacturers?

Hon. W. Mottley: Mr. President, the information I have is that the regulations are now before the Attorney General and we hope to have them ready in two weeks' time.

Mr. President, if I can shift to some of the agricultural concerns of Sen. Prof. Spence, especially on beef. What Dr. Rowley, the Minister of Agriculture, Land and Marine Resources has told me is, that the capacity of Trinidad and Tobago to produce what they call range beef is severely limited, that is, beef grown on open

grazing and so forth; and that increasingly, the success of beef operations in Trinidad and Tobago is going to be based on what is called lot beef, or beef fed in very confined areas and that is the direction that is being pursued, parallel with beef that is the off-spin from, basically, dairy herds; that the present price for beef available to local farmers is, at this time, the highest that it has ever been; that the effect of the surcharge on imported beef that came on top of worldwide beef price increases has been to raise the price of local beef to hitherto unheard levels; and that some farmers have been doing extremely well as a result.

The information I have from the Ministry of Agriculture, Land and Marine Resources is that there have been severe complaints, as a result, from the consumer and the Ministry of Agriculture, Land and Marine Resources is under some pressure from the consumer to re-examine the levels of surcharge put in. No decision has been made on that yet, Mr. President, but we hear one side of the story and we need to understand that there are very strong pressures from the consumer on the other side. The Ministry of Agriculture, Land and Marine Resources has a responsibility to the farming community which it is discharging.

What is happening is that we are seeing a trend—because of GATT and other considerations like that—of increasing import prices. So that the foreign subsidies have been reduced and we are not seeing the likelihood of those subsidies being re-imposed. So that what the Minister of Agriculture, Land and Marine Resources is telling us is, that he is seeing a long-term trend towards higher import beef prices that will be a long-term situation on which the local farming community can bargain. On top of that, the local farming community is expected, with the assistance of the ministry, to embark upon improved agricultural practices, such as more intense farming and rearing of beef, and this is the long-term answer that the Ministry of Agriculture, Land and Marine Resources sees for the beef industry.

Sen. Prof. Spence: I think it is a pity that the hon. Minister did not attend when I was making my contribution, because I was pointing out that it is possible to protect the local industry without having as high an increase in the price of beef as happened through the 20 per cent surcharge. But, really, I cannot repeat it now. Perhaps he could get it from his colleagues. But I would also like to say—and this I will repeat—that the real problem in response to what the hon. Minister of Agriculture, Land and Marine Resources has been saying, is the time scale. If all protection is removed within three years, then there will be a gap before the price is increased in the imported product and that is the period in which we will fall out; and it takes a very long time to build back up a herd, once it has run down in size.

Hon. W. Mottley: Mr. President, the facts are that the price has gone up already. It is not a long-term matter; it has already gone up and the information available to the Ministry of Agriculture, Land and Marine Resources is that that trend will continue upward. This is the point that I have just made.

On the matter of subsidizing, taking import charges and using that to directly subsidize local beef, the Ministry of Agriculture, Land and Marine Resources is not in agreement with that particular method. They believe that it hooks the local farmer into an unsustainable position and the question of subsidies is such that the Ministry of Agriculture, Land and Marine Resources is attempting to embark on programmes of containing and reducing subsidies, rather than expanding them. That is the view of the Ministry of Agriculture, Land and Marine Resources. [Interruption]

The view of the Ministry of Agriculture, Land and Marine Resources, as well, on this question of support for farmers, Mr. President, is that the farming community is extremely heavily subsidized at this time. There is a view, that the Ministry of Agriculture, Land and Marine Resources strongly disbelieves in, that the farming community is unsubsidized and exposed. The facts are, Mr. President, that it is the view of the ministry that local farming is, at this time, extremely subsidized and this constant harping about support by the Ministry of Agriculture, Land and Marine Resources for farming being absent, is not supported by the facts. These are the views as I have been gathering them from the Ministry of Agriculture, Land and Marine Resources.

Mr. Palackdharrysingh: What is your view?

Hon. W. Mottley: I am not the Minister. There are others who can support this, Mr. President.

There was also the question raised on the equity of the taxation system and the question, in particular, as to why we would have, basically, incentives. That is at the root of the argument. There is a great deal of debate on this matter. There is a view that taxation should be made extremely simple and that everybody should pay the same rate—whether you are a banker, baker, tailor, or methanol maker—and that we should not be involved in incentives, because if you have to collect a certain amount of taxation to run the Government, then the fact that somebody has a tax break implies that somebody else has to pay more.

7.55 p.m.

That, in its simplistic form, is the argument, Mr. President. There is a certain element of truth in that, but the facts are that we have goals other than just

collecting revenue to run the Government. The Government uses the tax mechanism for other purposes: to stimulate investment, to do a wide variety of things, other than just collecting money to run the Government.

In that, we are in competition with the rest of the world, so that for instance, in several of the states of the United States, we are competing with the State of Georgia or the State of Louisiana for chemical investments, or Arkansas for the steel industry, and so on. They do offer incentives, so that again, whereas we might have a purist view, if we are to attain some of our other goals, we have to be cognizant of what goes on elsewhere, so that we start to retreat from the purist view. We have fiscal incentives for capital intensive industry to lure them to come here and we have granted Farmland incentives—one, to set up an ammonia plant here and two, perhaps a little more than we might have given them, because they are prepared to go to La Brea and sop up some of the unemployment in that area. The case is there for incentives and we have taken it a further stage in that we anticipate certain conditions arising in Trinidad and Tobago in the near future which could cause us problems.

We have calculated that over the next three years there is likely to be about TT \$17 billion in construction activities of one kind or the other, whether methanol or ammonia plants, NHA housing apartment complexes at Cocorite—whatever—and that is likely to draw very, very heavily on certain skills.

It is known that during the ten year depression, we graduated a very small number of civil engineers at the Faculty of Engineering. Nearly all of the graduates were from other Caricom countries—I think we could count the Trinidadians and Tobagonians on one hand. At present, the Ministry of Works and Transport cannot hire civil engineers. They are just not available. We are seeing already other problems in other areas, certain accounting and other skills, and if one picks up the newspapers, one will see certain lists of specialists skills put out by Amoco and so forth.

I am not saying that we are in a period of extreme shortage. That is not so and I have to be careful that I am not misreported in that respect, but when one takes TT \$17 billion over the next three years, and it is projected and one looks especially at the skills then—not the ordinary labour—one would begin to understand that unless one takes steps now in terms of training and its corollary, importation of skills—and what better skills than bringing in Trinidadians and Tobagonians rather than having to bring in people on work permits.

We are therefore attempting to induce nationals to come back and one of the major complaints we have had over the years by such nationals who want to come

back—they are overseas, they want to bring back a car and household effects, but when they get here they have to pay huge customs duties. That will eat up all their capital before they even get started. To induce them, we have to give them an incentive. That is what we have done in the more favourable conditions we have outlined for returning nationals. Yes, I agree that there could be some distortion, and what is wrong with the Trinidadian who stayed here and never left in the first place? But we are clearly trying to look forward to the future. We are trying to train many more people and we are trying, at the same time, to cause Trinidadians who have some of these specialist skills to want to come home, otherwise we are going to see a very, very large inflow of foreign nationals to deal with some of the specialist situations that we see coming up, evidence of which is already before us, if one only turns to newspaper advertisements.

This, therefore, I hope would answer some of the questions as to some of the equity matters in taxation, although I do say I sympathize with the general argument. We have to strike a balance. Sometimes, as in the past, we have gone too far in complicating the tax system. We must be careful about too much complications, but it is necessary at times to stray from the straight and narrow path.

Interest on refunds, Mr. President, is a vexed matter. The whole idea is to get the refunds done quickly and we have had some problems in the Inland Revenue Division. We have introduced new computer systems. Those have now been installed and running well. There have been some ancillary problems with cheque printing. That has now been straightened out and the last count taken is that we are trying to get back almost \$20 million a month now in income tax refunds and we are getting pretty near there now. It was not good in January and the first two weeks in February, but since then we have made vast improvements and I think that was really from where Sen. Hosein was coming. The thing is to get the money back on time rather than focus on the interest on refunds.

I think these were the main items raised, Mr. President. There was one other item, the question of import duties and that we were not doing the revenue any good by cutting duties to the extent that we were. Quite apart from damaging local industry by removing the veil of protection, we were damaging the revenue as well. This was the argument advanced. The fact of the matter is that what is even more important than the rate of duty is the strength of the collection effort, so that it is quite possible to have very high rates of duty that give a so-called high rate of protection, but in fact, those walls would be really paper walls if the collection effort is not good.

8.05 p.m.

We have been striving over the last two and a half years to considerably strengthen the customs administration to have proper valuations. Of what avail is a rate of duty of 50 per cent if the importer has total flexibility in the declaration of the value of the import? You might as well have a much lower rate if you can actually be sure of the true value of the import. This question of valuations has been a troubled one. We are in collaboration with, and get a great deal of assistance from, the United States customs service who have people here full time. The US customs service in Miami and New York get behind the suppliers and challenge their supply. They are, therefore, able to see a suppliers' books and corroborate that against the stated supply to a Trinidadian importer and check that back against his income tax returns. So investigations have been taking place. As a result of the information that has been coming out to us, we are preparing certain court matters and putting the best attorneys behind it. All of this is starting to get around town.

As a result, our collections have been improving despite much lower rates of taxation. So that, for instance, in 1994, we collected \$53.5 million in import duties in January and February. This year, despite much lower rates of duty, we have collected \$64.4 million. Some of it is due to some higher imports in January, in particular, but it gives you a clear impression that the collection effort is where the emphasis is and that the revenues are not hurting and that the degree of protection, in fact, is in the collection effort and not in just a so-called rate of import duty.

With these words, therefore, I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

Hon. W. Mottley: Mr. President, in accordance with the provisions of Senate Standing Order 63, I beg to move that the Finance Bill, 1995 not be committed to a committee of the whole Senate.

Question put and agreed to.

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

Bill accordingly read the third time and passed.

Motion made and question proposed, That the Senate do now adjourn to Tuesday, March 28, 1995 at 1.30 p.m. [Hon. R. Huggins]

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 8.10 p.m.