

SENATE

Tuesday, April 22, 1997

The Senate met at 1.32 p.m.

PRAYERS

[MR. PRESIDENT *in the Chair*]

VISITOR

(SPEAKER, HOUSE OF ASSEMBLY, MAURITIUS)

Mr. President: Hon. Senators, I am very pleased to advise that visiting us today, is Sir Ramesh Jeewoolall, M.P. the Speaker of the House of Assembly of Mauritius. With him is his wife, Lady Jeewoolall, and the Clerk of the National Assembly of Mauritius, Mr. Andre Pampon.

Our own Speaker, Hon. Hector McClean, has also graced the Senate with his presence.

Sir Ramesh, apart from being the Speaker of the House of Assembly of Mauritius, is also the President of the Commonwealth Parliamentary Association. His visit today is really in his capacity as President of the Commonwealth Parliamentary Association. Actually, he is *en route* back home from an executive committee of the Commonwealth Parliamentary Association meeting held in the British Virgin Islands.

Sir Ramesh is particularly interested in our parliamentary system, moreso, as his Government is at the moment examining their Constitution with a view to establishing a Senate in their Parliament. So that he has taken the opportunity to visit the sitting today and to get a glimpse, even though he will be here for a very short while, to observe how our Senate operates.

Perhaps, out of interest, Senators might be interested to know that there is a biennial meeting of the Commonwealth Parliamentary Association, and the meeting this year takes place in Mauritius. The next meeting of that body takes place in Trinidad and Tobago in 1999. At the end of the meeting in Mauritius, Trinidad and Tobago takes the vice-presidency of the Commonwealth Parliamentary Association for the year 1997/1998. Sir Ramesh's term expires at the end of the meeting in Mauritius. Trinidad and Tobago takes the vice-presidency for the 1997/1998 period and at the end of that period, we take the presidency for the 1998/1999 period when we host that conference.

Let me say how pleased we are to welcome Sir Ramesh and his delegation and trust that he does gain something from his visit to the Senate today. *[Applause]*

FINANCE BILL

Bill to provide for the imposition or variation of certain taxes and duties, for the incorporation of the amendments made by the Provisional Collection of Taxes (No. 2) Order, 1996, to introduce other provisions of a fiscal nature and for related matters, brought from the House of Representatives [*The Minister of Finance and Minister of Tourism*]; read the first time.

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

Question put and agreed to.

PAPERS LAID

1. Annual audited accounts of the Trinidad and Tobago Forests Products Company Limited for the financial year ended December 31, 1995. [*The Minister of Public Administration and Information (Sen. The Hon. Wade Mark)*]
2. Special Report No. 01/1997 of the Ombudsman of the Republic of Trinidad and Tobago. [*Hon. W. Mark*]
3. The Securities Industry By-Laws, 1997. [*Hon. W. Mark*]

ORAL ANSWERS TO QUESTIONS

The Minister of Public Administration and Information (Sen. The Hon. Wade Mark): Mr. President, I have consulted with Sen. Diana Mahabir-Wyatt. The Minister of Housing and Settlements has asked that these questions be deferred for two weeks in an effort to accommodate complete response.

Sen. Mahabir-Wyatt: Mr. President, I have accepted the explanation and I will wait for the two weeks.

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

**Land Tenure
(Legislative Reform Programme)**

11. (a) Could the hon. Minister of Housing and Settlements please state: Whether the reform programme which the Government, in conjunction with the Inter-American Development Bank, embarked upon in 1995 in respect of improving legislative framework of land tenure involving the Succession Act 1981, Landlord and Tenant Act 1981, Landlord and Conveyancy Act 1981, Trustee Act 1981, Limitation Act 1981, Land Registration Act 1981 and Condominium Act 1981 has been completed?

- (b) If the answer to (a) is in the negative, could the Minister state how soon the exercise is expected to be completed?

**Succession Act 1981
(Sections 88—116)**

12. Could the hon. Minister of Housing and Settlements state:

When will sections 88—116 of the Succession Act 1981, which deal with Provisions for dependants, be proclaimed?

Questions, by leave, deferred.

ARRANGEMENT OF BUSINESS

The Minister of Public Administration and Information (Sen. The Hon. Wade Mark): Mr. President, today is Private Members' Day. However, at the last sitting I spoke with both Leaders on the opposite side, and it was agreed that the Senate will deal with Government's Business today.

I, therefore, beg to move that the Senate deal with Government's Business today instead of Private Business.

Agreed to.

1.40 p.m.

FINANCE BILL

The Minister of Finance and Minister of Tourism (Sen. The Hon. Brian Kuei Tung): Mr. President, I rise to present a Bill to provide for the imposition or variation of certain taxes and duties, for the incorporation of the amendments made by the Provisional Collection of Taxes (No. 2) Order, 1996 to introduce other provisions of a fiscal nature and for related matters.

In moving that this Bill be read a second time, I wish to inform this honourable Senate that this Bill was passed with amendments in the other place on Friday, April 18, 1997. It is intended to impose taxes, which, until the date of commencement of this Bill, would have the effect under the Provisional Collection of Taxes (No. 2) Order 1996, as amended. Taxes which were paid by the said Order have also been included. The Bill would also seek to make certain further modifications to those impositions and variations and to introduce other provisions of a fiscal nature.

The Provisional Collection of Taxes Act imposes new taxes or varies an existing tax for the purpose of raising revenue to meet the expenditure in an

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appropriation bill. Variations of existing taxes have legal effect upon confirmation by resolution of the House of Representatives within 21 days of the commencement of the Order. New taxes which have been imposed under the Order will remain in effect for a period of four months from the date of commencement of the Order, at the end of which period legislation must be enacted imposing these new taxes, with or without modifications, as the case may be.

Before we proceed, I would like to draw to the attention of hon. Senators, a drafting error in the Explanatory Note of the Bill. I have circulated pages 3 and 4 which I ask Senators to replace in the existing Bill which had been previously circulated.

Part X of the Bill amends the Excise (General Provisions) Act to provide for the imposition and collection of excise duty on compressed natural gas, and not the Unit Trust Corporation of Trinidad and Tobago Act as suggested in the Explanatory Note. As a result, the parts referred to thereafter are renumbered properly in sequence.

I now seek to provide some details or explanations in respect of the Finance Bill. In keeping with the fiscal measures introduced in the budget for 1997, as well as the Provisional Collection of Taxes Order as amended, Part II of this Bill deals with the introduction of an annual tax payable by a gaming club. This tax is based on the number of gaming tables and other devices used on the premises of the club, rather than the previous system of a fee based on the number of membership in the club. One would appreciate that whereas it is certain now for us to impose a tax based on the number of tables which suggest hard evidence with respect to how the tax is calculated, the question of the number of members in a club has always been in dispute. In order to avoid further dispute between the revenue authority and the membership club, I had proposed in the budget, and I am proposing now in the Finance Bill, that the basis for calculating this tax should be on the number of tables used in these membership clubs.

Part III of the Bill amends the Old Age Pensions Act by increasing the amount payable to pensioners from \$286.00 to \$349.85 per month, an increase which you would recall I introduced in the budget for 1997. This measure is in keeping with the Government's objective to put people at the centre of the development process and foster a balanced and equitable society. It is intended to strengthen the safety net and provide relief for vulnerable groups such as the elderly who would have performed yeoman service to this beloved nation. There has been administrative

difficulty in implementing this measure from January 1, 1997 when it was originally intended. Since that date I have now been assured that the arrears of payments have been effected by way of a back-pay and that the increased monthly payment would now be paid from next month.

Part IV of the Bill provides for the amendment of the Public Assistance Act to allow the Minister of Social Development to make regulations for the discontinuance of payments of public assistance. This amendment has become necessary to regularize the situation whereby payments which have been suspended in respect of persons who no longer qualify for this assistance may be discontinued. In the past, the administration found it difficult to discontinue payments and found that it had been forced to use a number of suspensions instead of effectively discontinuing the payment. Previous administrations had to use a number of suspensions to carry out and effect the actual discontinuance of payment to persons who no longer qualified—for argument's sake, people who migrate and no longer qualify for old age pensions under the Pensions Act.

Part V amends the Motor Vehicles and Road Traffic Act by firstly removing the burden to the motoring public of the annual renewal of motor vehicle licences. Secondly, all locally assembled motor vehicles using foreign used parts are to be subject to the higher special registration fee and motor vehicles tax applicable to used vehicles. In the case of completely built foreign used vehicles imported by persons other than returning nationals, such used vehicles would qualify for reduction of the motor vehicles tax based upon the age of the vehicle, but not exceeding five years.

Clause 5(1)(r)(i) of the Bill further amends this Act by introducing a motor vehicles tax on agricultural and industrial tractors and on specialized motor vehicles over five years of age which are imported under a licence issued by the Minister of Trade and Industry and Minister of Consumer Affairs. At present, a motor vehicles tax of \$2.50 per cc is being levied on agricultural and industrial tractors. This rate is in keeping with that specified for goods vehicles in the Fourth Schedule of the Motor Vehicles and Road Traffic Act. In fact, the authorities use the goods vehicle classification to include vehicles such as those being used for agricultural and/or industrial purposes.

In an effort to remove any uncertainty as to whether such tractors should be taxed rightly as goods vehicles, as well as provide the benefit to the agricultural and industrial sectors, I am proposing that a Motor Vehicles Tax at the rate of \$1.00 per cc be imposed on agricultural and industrial tractors. This represents a

60 per cent decrease in the quantum of tax which was previously charged for these vehicles. With respect to the tax on specialized motor vehicles over five years old, imported under licence issued by the Minister of Trade and Industry and Minister of Consumer Affairs, this measure is intended to provide relief in respect of specialized motor vehicles to be used in the petroleum manufacturing service or any other industry approved by the ministry.

Part VI of the Bill relates to the amendments of the Income Tax Act. The objectives of these amendments are to reform and simplify the tax regime. This would be achieved by the removal of a number of nuisance taxes on various exemptions, deductions and concessions and the lowering of individual income tax rates.

Clause 6(k)(i) provides for the reduction of the tax and interest payments made by mutual funds at the point of distribution rather than at the point of source.

Clause 6(k)(ii) reduces the current rate of tax on interest earned on domestic savings from 15 per cent to 10 per cent.

Clause 6(k)(iii) imposes a similar rate of tax of 10 per cent on interest earned on foreign currency accounts. A number of questions have been raised on this provision, but I wish to make it clear that this tax is imposed only on individuals. The amended rates of taxation on both domestic and foreign currency accounts shall take effect from the date of commencement of the Finance Act, 1997.

1.50 p.m.

Mr. President, since the liberalization of the foreign exchange regime in 1993, there has been a significant shift in money holdings from TT dollars to US dollar denominated bank deposits. This dollarization is normally a phenomenon in countries which experience high inflation rates, which act as a tax on domestic savings. In order to reduce this negative effect, individuals generally try to shift part of their savings into foreign accounts to avoid this tax. However, in Trinidad and Tobago, where prices are relatively stable and inflation relatively low, this currency substitution has been attributable, to a significant extent, to the strong reliance on reserve requirements as a primary instrument of monetary policy.

A major portion of these reserve requirements is unremunerated and, therefore, acts as a tax on the banking system by raising the cost of intermediation. This, in turn, creates a strong bias against domestic currency deposits since no such requirement is imposed on foreign currency deposits. In addition, interest earnings by individuals on Trinidad and Tobago dollar deposits are subject to a 15

per cent tax which does not apply to interest earned on foreign currency deposits. This situation clearly favours investment in foreign currency since, to avoid being taxed, through both the reserve requirement and income taxes, there is a strong incentive to switch domestic money holdings into foreign currency holdings, thus aggravating pressures on the exchange rate, as well as domestic interest rates.

In an effort to remove some of the bias against domestic currency accounts, it is proposed, today, to lower the tax on domestic interest from 15 per cent to 10 per cent—a reduction of $33\frac{1}{3}$ per cent—and to apply a similar rate of tax, that is of 10 per cent, on the interest earnings on foreign currency accounts.

Part VII of the Bill governs amendments to the Corporation Tax Act. These amendments form part of our efforts to further stimulate private sector economic activity, and include a reduction of the business levy from 0.4 per cent to 0.33 per cent, the extension of the export allowance to certain services in the building industry, and a new form of group relief from trading losses. This part of the Bill, together with Part VIII, also removes petroleum marketing business from taxation under the Petroleum Taxes Act, and places it within the ambit of the Corporation Tax Act.

Part IX of the Bill governs amendments to the Customs Act, which include a reduction in the common external tariff, by 5 per cent, in respect of certain goods.

Part X of the Bill relates to the Excise (General Provisions) Act, inserting therein definitions of “compressed natural gas” and “excise duty”, which enables the Minister of Finance to impose an excise duty on compressed natural gas.

Part XI of the Bill amends the Unit Trust Corporation of Trinidad and Tobago Act to allow the Unit Trust Corporation to transact certain additional kinds of business and so allow it to enjoy a more level playing field with other mutual funds.

Part XII of the Bill amends the Insurance Act by extending the list of assets in which a company may invest its statutory funds. I propose, at the appropriate stage, to amend clause 12(b)(i) of the Bill by deleting the word “(ii)” and substituting the words “(i)(a)”. Due to a drafting error, the proper amendment was not previously made.

Part XIII of the Bill amends the Spirits and Spirits Compounds Act to allow the Minister to make regulations to effect the provisions of Part V of that Act.

Finally, Part XIV of the Bill seeks to validate the receipt of moneys in respect of the excise duty on petroleum products from January 1, 1997 to February 2,

1997 and on compressed natural gas from January 1, 1997 to the date of the coming into force of the Finance Act, 1997. However, at the appropriate time, I wish also to propose an amendment which would allow me to delete Part XIV of the Bill and, as a result, clauses 14 and 15.

Mr. President, the Bill before us continues to be the bond which the Government keeps with the people of Trinidad and Tobago. It seeks to do two things. It seeks to correct some of the administrative problems which have arisen in our tax system over the years; it makes it more effective and efficient so that the revenue authorities can become, in their turn, more effective and efficient. It also keeps faith with the people of Trinidad and Tobago as we seek to ensure that the less fortunate among us are given the care and concern they so rightly deserve. More importantly, it also puts a human face to this administration.

Question proposed.

Sen. Danny Montano: Mr. President, we have heard almost everything about this Finance Bill, with the exception of the change that is the taxation on foreign currency accounts. With all due respect, I have found that the measure, by itself, is somewhat disappointing. It is disappointing because it really amounts to just a half step.

In my budget contribution in December, last year, I spoke particularly about the foreign exchange problem that we have and what was happening to the rate of exchange. I expressed my concern that we had experienced over the preceding year at least a 5 per cent devaluation in the currency, and that there was an apparent vacancy of policy on the part of the Government; that nothing was being said and that less was being done to arrest the decline of the exchange rate.

I drew certain analogies to foreign countries which, even though they were larger than we were, had certain specific policies that they had translated into practices to defend their exchange rate. We, little Trinidad and Tobago, have no declared policy and the one recent action that we have seen is this little measure in the Finance Bill. Welcome as it is, because it is done, as the Minister has so clearly indicated, with the intention of correcting the bias towards foreign currency savings, in my respectful opinion, it is too little, too late.

We already face the situation, as the Minister has clearly indicated, where there is a bias for foreign exchange service. The effect of the continuous devaluation on the entire economy is significant. There is probably, next to the issue of crime in the country, no other issue that goes to the core of the success of our nation as the

rate of our exchange. It has a direct impact on the level of poverty in the country. If, Sir, tomorrow morning you woke up and found that the dollar was now TT \$2.00 to US \$1.00—as it is now in Barbados—instead of the TT \$6.28 to US \$1.00, you would find a situation where prices would fall dramatically. The effect of the fall in prices would have a profound effect on poverty in the country.

2.00 p.m.

In a 1993 study on poverty in the country, that poverty line was set at TT \$623 per month. We would suddenly find that the purchasing power of the \$623 was that much greater.

That poverty line is not a magic line, it is a line that is drawn only in terms of the goods and services that it can acquire, and because we are an island economy, we do not manufacture everything that we need and use, and there is no single factor, other than the price of oil, that touches our economy to the extent that the exchange rate does. That rate should then be one of the paramount issues at the top of the agenda of the Minister of Finance every single morning. The first issue he should be looking at, is what we should be doing with the rate of exchange, and how we can have an impact on it.

Mr. President, I continue with the argument which I made in February of this year on the debate on the amendment to the Free Zones legislation in which I quoted certain figures from the *Central Bank Quarterly Bulletin* giving a little indication. I would just like to repeat it for this Senate because it is extremely relevant. I said that the deposits of US currency in the commercial sector grew by 18.1 per cent in the third quarter of 1996, and 40.8 per cent in the nine months up to September 1996 suggesting that currency substitution might have been a factor affecting the growth of the Trinidad and Tobago money supply.

I went on to say that, at the end of 1994, deposits of US dollars in the commercial banks were \$303 million. At the end of 1995 it was US \$365 million, an increase of \$62 million. By the end of September 1996, that grew to US \$545 million, an increase of \$180 million, and by the end of January, 1997 we are advised that it is in excess of US \$600 million. The effect is that the rate of increase in the US dollar savings in the local commercial banks increased monthly to US \$20 million.

One can well imagine what would happen if that trend were reversed, or stalled. If at this point for the last few weeks the rate of exchange has been more or less steady, there has been no significant change or fluctuation, then it means

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that the demand has met the supply for the last month or so, notwithstanding an increase in the savings by \$20 million. If one would, at least, put a cap on the increase so that there was no more increase in the savings, there would then be a surplus of US \$20 million in the system every single month. That is what the effect would be. Within a very short period, there would be a significant surplus of foreign exchange on the market. That simple element alone would have a most significant impact on the rate of foreign exchange.

I understand what would happen. I am not trying to write any rules for the Minister of Finance, and I am not going to tell him what he should do, but I am suggesting that what he has done is not enough. I am not saying that it should be taxed more, because the taxation of foreign currency accounts can have a negative effect as the Minister very well indicated. What one would then have, if in fact, the rate of the taxation were to be increased beyond the level he has sent it, is a flight of the capital to some other location where there is a more favourable investment climate for the foreign currency deposits. Therefore, without any specific information, the decision that must be made, is that one must balance the taxation regime so that the effective yield on monetary instruments of foreign currency holdings is more or less equal to what is available in the region, or nearby, so at least the funds are held here as opposed to being moved offshore to some other location, but it really does not end there at all.

We have had a situation in the past four years where foreign currency accounts were tax-free, and the local dollar accounts were taxed so there was an imbalance situation. What the Minister has done today is levelling it, so that the playing field—which is an expression I hear very often—is levelled again, but that does not tip it back in our favour at all. We are Trinidadians and Tobagonians, and we should take precedence over anyone else; and if there is any imbalance it should be in our favour, and I stand here openly asking: Why should we not have the scales tipped in our favour? This is our country and our currency. Why should it not be tipped in our favour? It was tipped the other way for four years. Can we not have it back the other way?

Mr. President persons who live in the United States, Britain or France do not save in TT dollars, they save in francs, hard currency, pound sterling, Japanese yen or whatever, but not in TT dollars and therefore, why are we saving in UK pounds or any other foreign currency? Why are we doing it? It is because there is a lack of confidence in our dollar. A lack of incentive to save and invest in TT dollars has created, among other things, a total lack of confidence. In my budget contribution

in December last year I spoke about the level of confidence and I mentioned the fact that I had spoken to a senior foreign banker who is no longer here. I asked him what was the reason for the lack of confidence and he said, "The fox is in the hen house."

Mr. President, when one sees what is going on with the award of contracts and so forth, we have no doubt that it must be arrested and there must be a bias in favour of indigenous investment. I mentioned it before that with the exception of one expatriate company doing business here, which on two occasions in the last two or three months invested fairly substantial sums on the local stock exchange, albeit they were induced by a local director who had a vested interest in those investments. It was a good economic move for us and would redound to the country as a whole. When one considers the paltry taxation of the foreign currency deposits by 10 per cent, is it really what the country needs? One can say, "among other things," but let us get on to the other things. Let us hear about them, let us hear what should really happen to the TT dollar. It needs to be rescued. Something serious needs to be done and said. There must be a definitive policy that says the TT dollar will be defended and we will come up with imaginative instruments and ways to create and stimulate indigenous investment in the Trinidad and Tobago dollar. That is what is needed here, Sir. In terms of finance or fiscal measures, that is what is necessary. If anything, we stand the risk of losing half of the capital that we have acquired and it will find a home overseas. That is the risk that we are taking, but we have no real benefits here. We have been placed at some risk, that is the reality.

2.10 p.m.

I want to point out that this Government is not averse to creating bias and benefits. That was very clear when I made my contribution in December last year. I made it clear that the provision of the 200 per cent Employment Allowance to stimulate employment, was a gift to supporters of the party of the Government. It had no real sound economic basis whatever. The idea had been tried before and it failed. It produced and yielded nothing at all. The Government has the custom of creating bias in favour of a particular objective when it suits it. The point is, Mr. President, the Government has given no consideration whatever to the reality of the effect on foreign exchange and poverty and I challenge what it is doing. The Employment Allowance is literally legalized corruption. I heard it said—I cannot remember by whom—that O'Halloran did not know how to do it. Well, this is a hell of a way of doing it!

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On the last occasion here the Minister of Public Administration and Information, in talking about corruption, had this to say: “We have sufficient evidence, if we were a serious people, to place the entire leadership of the last PNM Government behind bars.” Mr. President, what on earth does that mean? One thing I do know is that the best defence is a good offence. That is, most certainly, an offensive statement because the persons to whom it related were not even in this Senate when it was made. A short while after his colleague on his right said that persons making statements like that should put up a bond, he stood and said that nonsense. Mr. President, on behalf of the people, if the Government has the evidence then it has a duty to prosecute. If there is a defect in the law, tell us what it is and give us a deadline for bringing it to the Parliament and it will be passed. If, indeed, the evidence is there and the Government does nothing then it is effectively colluding with the same criminals it is talking about. If, however, the Minister does not have the evidence then he should apologize and withdraw the statement.

The Employment Allowance is a corrupt measure. If there is no benefit the country is not going to benefit in any way, shape or form. What the Government has clearly done is to get itself into huge contracts to build an airport. I was reliably informed by a contractor yesterday that the now anticipated sum for that project is TT \$766 million—at least US \$105 million.

I do not know what we are getting for any of that money. I know that some Senators on the Back Bench referred to the existing facilities as a cow shed. However, I have also heard that the planned building is 15 times bigger than the one that we now have. Nobody in the country has been told what is being built. Nobody has been told: “We need an airport of this size to do this.” All one is hearing is that huge sums of money are being spent and it is referred to as infrastructure and therefore the money should justifiably be spent on that.

Infrastructure such as water, electricity and so forth is to be paid for. The whole objective now of the Minister of Public Utilities is to try to get these things to pay for themselves. What are we hearing? Is it that the airport is not to pay for itself and the taxpayers of this country are to pay *carte blanche*? Mr. President, \$600 million and we do not know what we are getting for it!

That information should be given to the pensioners. They should be told the sum they are getting now is because an enormous airport is being built which would take us into the next thousand years. How is the airport being financed? Methanol is being sold for \$1 billion to pay for something else.

Mr. President: Sen. Montano, could we get back to the focus of the Bill, please?

Sen. D. Montano: Mr. President, I am talking about the justification for the Employment Allowance. This money is being raised in order to, literally, justify that measure in the Bill. There is no other justification for it. The Government is selling a revenue generating asset for a loss making one, which the taxpayers would have to subsidize. The taxpayers, however, have no idea of what is being built and that is what the Minister of Finance and Minister of Tourism refers to as: "Finance Act with a human face on it."

I have great difficulties with these measures and I am concerned about the future of the country when I see what is taking place. What the country needs here is a steady hand, a firm hand, a hand with vision, a righteous hand—*[Interruption]*

Sen. Mark: Not Mr. Manning's.

Sen. D. Montano: As I said, Sir, a righteous hand, a steady hand with vision, foresight and equity for all, where we all have a chance at the lucrative contracts that are being handed out—*[Interruption]*

Mr. President: Let us have some order, please.

Sen. D. Montano: Thank you for your protection, Sir.

This country needs truth, honesty, foresight and the courage to do the right thing.

I thank you, Sir.

2.20 p.m.

Sen. Rev. Daniel Teelucksingh: Mr. President, I wish to make some comments on specific items in the Bill before us. First of all, I congratulate the hon. Minister of Finance and Minister of Tourism for that 5 per cent decrease on the current 15 per cent tax imposed on interest accrued on domestic savings. For years, citizens have protested against that 15 per cent tax as a disincentive to savings, and I hope that tax would be completely removed in the near future. *[Desk thumping]*

I want to associate with Sen. Montano in highlighting the question of the foreign currency situation. Mr. President, we continue to be baffled and concerned at the persistent depreciation of the TT dollar. In 1996, we had such a good fiscal year with crude prices exceeding \$25.00 a barrel, creating an estimated TT \$1.5

billion, additional revenue. At the end of that year, our net foreign exchange reserve reached US \$693.7 million, and our dollar, mysteriously, continues on the downward slide. The man-in-the-street cannot understand the economic policy of this Government. We cannot understand it. Somehow or the other the figures do not seem to match and we are very concerned and happy that Sen. Montano focussed on that at length.

Mr. President, there is another matter in this Bill which needs attention. That is the 25 per cent duty on CNG kits and cylinders and, of course, the validation of excise duty on CNG since January 01, 1997. I know we have increased the price of CNG and we are validating that presently. I want to, respectfully, appeal to the Government—since the matter has again come before us today—to revisit the project for more extensive use of CNG as motor fuel in Trinidad and Tobago.

Mr. President, you would recall that in 1990, the then government encouraged motorists to convert to CNG. Few stations were installed and since then, there are 13 stations and an estimated 19,500 CNG users on our roads. The programme has not been promoted by the then government or the present one. It was virtually abandoned somewhere along the line. Looking at the statistics, motorists continue to use the CNG and make sacrifices, notwithstanding the lack of government support and encouragement. Of course, we know that it is the most economical motor fuel in use in Trinidad and Tobago today. I feel very sorry and say a word, particularly, on behalf of the taxi-drivers who could be seen in long lines, even at peak hours in these refuelling stations, losing a lot of time and money and nobody seems to take them on, with 13 stations to service so many customers.

I think that the Government needs to look, again, at the whole business of the use of natural gas. More extensive use of CNG would allow for increased foreign exchange, through export of the more costly petroleum fuel. That is important. We have estimated proven gas reserves in the range of 15 trillion cubic feet and the experts say that we may even have twice that amount. Furthermore, the Government knows that natural gas is environmentally friendly—a cleaner fuel than petroleum or diesel.

Mr. President, as we look at this Bill, I urge Government to remove that 20 per cent value added tax on CNG conversion kits and cylinders.

Sen. Kuei Tung: It is 20 per cent.

Sen. Rev. D. Teelucksingh: Well, reduce it to zero, thus encouraging the conversion to CNG. That is important. Increase the number of fuelling stations in

this country—though, I understand, it is a very costly initial project to set up a station—but, Mr. President, the long-term benefits are very important. I think it would be a sign of good faith if more Government vehicles could be converted to use CNG. Mr. President, Trinidad and Tobago is the only Caribbean country with a super-abundance of natural gas, but the only persons who seem to know the value of our natural gas and are determined to use it for maximum use are, of course, the foreign investors. They are the ones who are coming here and getting our natural gas for almost nothing. Why does not Government utilize this precious resource for domestic use? That, too, baffles me.

I want to draw your attention to another matter in the Finance Bill concerning revolvers, pistols, firearms, and similar devices. I am asked to vote on that today. The Government is charging additional duty on revolvers, pistols, firearms and similar devices and I am very hesitant to vote on this Bill.

There is an article in the *Newsday* of April 12, 1997 at page 3, titled “Guns for Rent”. Mr. President, this is another reminder that we are a society living under the gun. The article states:

“Police believe they may have stumbled on a lucrative and deadly business—the rental of guns at the price of \$1000 to \$2000 a night.”

There have been almost daily reports of police seizures of these weapons. There have been reports of gun factories in Trinidad and Tobago and the Government ask me to raise my hand and approve duty on revolvers, pistols, firearms and so forth—of course, we have to do it. The Government is asking us to do this, maybe, for the military, but what about hunters, private users and so forth? I have a problem. What about those gun factories? We have been reading about home-made guns. Where do they get cartridges? Are they also making cartridges in Trinidad and Tobago? The theft of licensed firearms is in that article. We have always read this. Something is happening. Police have always warned us that guns have been imported in this country illegally. Mr. President, there have been too many gun-related crimes in Trinidad and Tobago.

Within recent times, I have been reminded that we ought to be very careful when we talk about the magistracy and the judiciary, but within the last few days I am changing my opinion and I believe the time has come when, if we have to say something about the judiciary in this country, we need to say it. Within this context, what are magistrates, judges and persons in the courts doing concerning

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the prevalence of gun-related crimes? Why do you sit on the Bench and make bail readily available for persons who have been involved in this kind of crime? Why are penalties so weak that they are no longer deterrents? There are questions we have to ask persons who sit on the Bench. Why cannot both Government and the judiciary deal more decisively to release us from this demon of the gun culture?

Today, I hesitate to vote for that 30 per cent duty for firearms and similar devices until the Government and the law courts take proper control.

2.30 p.m.

Mr. President, I briefly want to touch on another item in the Finance Bill, 1997. It is in Part II of the Bill to amend the registration of the Clubs Act, with its taxes on gaming clubs and gaming tables. The Government stated its intention of giving approval for casinos and we have been assured that legislation is being prepared, and consideration will be given by Government to the opinions of various interest groups on the question of the establishment of casinos in Trinidad and Tobago.

You know there have been very strong opposing views from religious organizations. What, indeed, has been happening since? I want to draw your attention to a lead article in the *Sunday Mirror* of March 16, 1997, encaptioned, "Casinos Royale." Now, first of all, from looking at the article one will notice that a lot of research has gone into it. I just do not believe that it is "ole talk." Reference has been made in that article boldly headlined "Casinos Royale," to the first of two multi-million dollar casinos in Trinidad and Tobago. A well-researched article referring to the Saracen Club soon to be opened at the Maritime building at the old Roundabout Plaza, and names have been included there too. Look at it.

Mr. President, references have been made to beautiful, sexy hostesses, beefy security men, silver, gold or platinum membership cards, with such gambling machines as stud poker, one-armed bandit, roulette, baccarat and blackjack; you name it, it is right there in the document. The question I want to ask myself is, "Have we been deceived by the Government?" Or, "Have these gambling oriented businessmen deceived and used the Government?" That is the question we have to ask or, "Is Government in collusion with them?" Very important questions that we need to ask ourselves because, as far as I am concerned, I have not seen the Bill as yet, but somebody did his or her work. In fact, that is their business to do that kind of inquiry; I do not have the time. It must be very interesting.

Mr. President, I want to raise a general issue. You see, the first paragraph in the explanatory note to the Bill speaks not only of specific items, but under

“provisions of a fiscal nature and for related matters,” I want to raise one question. There might be others that fall under the category of related matters. The Finance Bill is seeking permission to impose taxes and raise revenue. The haunting question is, “Should there not be greater parliamentary involvement in public spending?” If you are coming to the Parliament and you are asking for authority and permission to raise revenue and impose taxes—I am asking myself this about our parliamentary system and our attitude to finances—should there not be greater parliamentary involvement in spending? In that moral issue of accountability and transparency, of honesty and right dealings, our nation is becoming restless. We insist that we must be vigilant in public spending and in the management of the nation's resources.

Mr. President, I am particularly concerned, and this is my last comment, about that very important mechanism we are using quite regularly these days to investigate matters relating to accountability. That is the commission of inquiry. We have been using, quite regularly, within the last few years, the commission of inquiry.

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

Mr. Vice-President, my concern focusses on information that is public, and I am just quoting another article—the nation will read it—on April 19, 1997 in one of the dailies. I am appalled as we are now enquiring in a matter involving the proposed expenditure—look at the sum; Sen. Montano quoted, or referred to this issue. I am afraid to call the name, but let me call the figure, because it is no secret—of TT \$758 million from the Treasury plus, a further TT \$105 million for some wise consultants. I missed my calling. [*Laughter*]. Only to be a consultant, \$105 million taken from the Treasury, and \$758 million for the project. Massive! When I think about the Eric Williams Medical Sciences Complex and the Twin Towers, those things are a joke!

I am very concerned about something. We said a prayer just now; we always say that prayer before we begin each day's sitting: “Making a petition to the good Lord to open our eyes to see the truth.” Every Tuesday afternoon, I do not even say that on Sunday. “Open my eyes, Lord, so that I will see the truth.” In the process of doing that, we have invented something called the commission of inquiry. We have had a good few, La Tinta, football, and Common Entrance quite recently, and we have another one on—this is the one I am speaking about—I am afraid to fly too close.

Mr. Vice-President, I am really concerned about this. I would like to pass this on to the Government, as I too will ponder on it. It is a source of great concern to me that we have selected people of integrity and reputation—always we have done this—because we believe that if we have hope at all in finding truth in some of these areas, let us have a commission of inquiry. It baffled and worried me. I am just disgusted when I read that some of the documents forwarded to the commission of inquiry—shall I say a commission of inquiry—varied from the originals. There have been variations.

You have chosen some of your best citizens to investigate a matter on your behalf and on behalf of the nation and variations from the originals have been presented. Material forwarded to your commission of inquiry has typographical errors. Mr. Vice-President, when this happens, our people will want to know whether you are going to have a commission of inquiry comprising people who are non-nationals. Then too, if you bring them, you will have to provide information for them. This will have typographical errors and we will give them photocopies different from the originals. We are looking for truth and honesty in public spending and national service. Our intentions, purposes and motives must be uppermost in our minds.

I tell you that long ago, we used to say we want a commission of inquiry, but now we have our doubts about asking. We deceive the commissioners every so often. Mr. Vice-President, this is very important, as I was saying. We are asking permission to raise money; we need to be responsible in spending also. I believe that the population will love to have from the Government and from all of us—when I say Government, I am not talking only about those on the other side, I am talking about all of us who have been called to serve—greater trust and faith in the way we manage the affairs of the state in everything.

I thank you very much, Sir.

2.40 p.m.

The Minister of Energy and Energy Industries (Sen. The Hon. Finbar Gangar): Mr. Vice-President, as I rise to make my contribution on this particular Bill, let me, at the onset, extend my congratulations to the hon. Minister of Finance and Minister of Tourism on his presentation this afternoon. Also, for some of the measures which have been crystallized and fleshed out for the giving of legal instruments to some of the fiscal measures incorporated in the 1997 Budget.

Mr. Vice-President, when one summarizes the salient features of the Bill, I am quite surprised and a bit disappointed at the level of contribution which I have

heard so far, particularly from Sen. Montano. The salient features of the Bill include such fiscal measures as the annual tax payable by the gaming clubs, increase in old age pensions, relief from motor vehicle taxes on completely built up foreign-used vehicles, simplification of income tax regime to individuals, amendments to the Corporation Tax Act to introduce a limited form of group relief for trading losses, an amendment to the Insurance Act to allow more latitude in investing statutory funds.

Mr. Vice-President, with all due regard to partisan politics, one would think that the implementation of such measures would have gotten the fullest support of all Members of this honourable Senate. What we have seen Sen. Montano try to do—thankfully, we had the intervention of the President—is to once more, raise the spectre of corruption in an attempt to tarnish the efforts of this Government. Now we have already spoken on this particular issue at length, and for all the three issues which have been raised, the Government has taken the appropriate action and awaits the results of the various investigations. Everything must take time and I am absolutely certain that the due process would in fact take place.

Mr. Vice-President, I use this opportunity to, once more, assure this honourable Senate and also the nation at large, that the management of the country's economic finances is in fact still being properly handled. As I mentioned, in the 1996 and 1997 budget debates, the most important factor in the budget preparation is, in fact, the crude oil price. Just for the information of this honourable Senate I would like to state that the average price of the Galeota crude for 1997 to date has been \$22.52 up to the end of March, against a budgeted price of \$20.00. Again, the average daily production has been 126,140 compared to a budget forecasted production of 128,500 barrels per day.

Mr. Vice-President, these figures are quite revealing in that all the companies; Amoco, Enron, Trintomar, Moraven, Petrotrin and Premier have exceeded their production targets, and the one notable exception has been Trinmar whose average 1997 production to date has been 31,427 barrels per day with a forecasted budgeted production of 34,000. Of course the Government would have to look very carefully at that.

The management of the energy resources of this country requires skilful and prudent judgment as far as both upstream and downstream industries are concerned. To date, we have continued on our very aggressive thrust which we started last year, with respect to exploring or exploitation of our oil and gas reserves, and in addition to the four production sharing contracts to date, we have

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indeed signed two more for this year so far. We have had a Block 5(b) production sharing contract signed with a consortium of Amoco and Repsol, and also we have had the North Coast Marine Area signed with a consortium of British Gas, Agip and Deminex

Mr. Vice-President, I would also like to advise this honourable Senate of our very successful Deepwater Bidding Round which would really safeguard the country's energy supplies well into the 21st Century. As you know, the closing date for our third competitive round in the deep waters of Trinidad and Tobago was April 2, 1996. The Government received 15 bids on four of the nine blocks which were offered in the following combinations: Exxon Trinidad Ltd., Blocks 25(b) and 26; Shell Exploration B.V. and Agip, Blocks 25(a) and 25(b); Texaco Trinidad Ltd. and British Gas, Blocks 25(a), 25(b) and 26; Elf Aquitaine, Total Exploration and Production and Maxus Energy, Blocks 25(b) and 26; Arco Exploration, Union Texas Petroleum and Braspetro, Blocks 25(b) and 27; Arco Exploration and Union Texas Petroleum, Block 25(a); Amoco Trinidad Ltd. and Conoco Inc., Blocks 25(b) and 26; and Conoco, Block 25(a). A very cursory examination of these bids has indicated a tremendous level of interest and we have been able to attract a number of new players into the exploration and production scenario in Trinidad and Tobago.

I now want to touch on the reserves position which the shadow Minister of Energy and Energy Industries on the Independent Bench, Sen. Teelucksingh, has referred to. We, at this point in time, have a total proven reserve in this country of approximately 15.5 trillion cubic feet, and also, we have a probable and possible reserve of approximately 7.5 trillion cubic feet, giving a grand total of approximately 23 trillion cubic feet of gas, but this only applies to the explored regions of Trinidad and Tobago. Last year we entered into four production sharing contracts, this year we have already signed two and I just mentioned the deep water exploration which is another four. Our estimates would indicate that the most or the more probable reserves situation in this country is more in the region of between 40 and 50 trillion cubic feet of gas.

2.50 p.m.

There has been some mention—I think it was by Sen. Montano—about the sale of the 69.1 per cent shareholding in the Trinidad and Tobago Methanol Company (TTMC) which was owned by the Government of Trinidad and Tobago. Let me hasten to clarify any misconceptions; the process of divestment of these shares started under the previous administration way back in 1994. The process,

for a number of reasons, was aborted. This year we have been able to sell the shares, our 69.1 per cent shareholding, for a total monetary benefit to the people of Trinidad and Tobago of \$165.84 million which is \$29.84 million more—which was the best offer—than the previous government was able to achieve for us. This involves \$130 million immediately and \$20 million in the next four years, commencing on September 30, 1997, and on each anniversary date.

We have been also able to get a share in petroleum engineering which is to be funded at a rate of US \$100,000 per annum for a 10-year period and we have also been able to negotiate an initial contribution to the National Energy Skills Development Programme of US \$1.3 million and an annual contribution thereafter, of US \$130,000. This is what we have been able to negotiate with respect to the sale of our shares in the Trinidad and Tobago Methanol Company.

With respect to the National Petroleum Marketing Company, Mr. Vice-President, the Government has taken a policy decision to go ahead with a phased liberalization of the petroleum retail sector and work is continuing apace to accelerate the commencement of this particular process. National Petroleum has just completed its short-term action plan and is due to submit it to the Ministry of Energy and Energy Industries for approval shortly. The action plan covers the two-year period 1997 to March 1999. It addresses all the elements needed to prepare NPMC for local and multinational competition by the beginning of 1999 and has been designed to support the strategic action plan of the company in becoming a more profitable, dynamic, competitive, customer-focussed and environmentally-conscious entity.

One of the key deliverables of the two-year action plan is the determination of an ideal retail market network and work is just about being completed on that particular exercise. National Petroleum is also looking at the diversification of the range of products available and increased availability of compressed natural gas—I would get back to the questions posed by Sen. Teelucksingh shortly—the upgrading of NPMC's environmental management system, International Standards Organization certification, the upgrading of the internal and external communication infrastructure and extensive development of service delivery personnel at all levels.

The other state companies, Petrotrin and National Quarries Company Limited have embarked on a long-term strategic planning process and the results should be out by the end of June.

Mr. Vice-President, one of central thrusts of our energy policy has been and continues to be, the monetization of our natural gas reserves. Last year, a number

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of projects were approved and we have started to see in a very positive way, the contributions which these projects are making to the economy of Trinidad and Tobago, particularly in the area of employment.

The latest figures as of yesterday's date indicate that 3,500 people are now directly employed on construction projects in the energy sector in Trinidad and Tobago. These are as follows:

- Atlantic LNG project—1,100;
- Farmland Arcadian Ammonia project— 1000;
- Arcadian Ammonia project—710;
- Clico Methanol project—400;
- Cleveland/Cliff project— 120 people; and
- Titan Methanol project— 50.

This gives a grand total of 3,005 persons. Our predictions and projections are well on target and we expect that by the end of 1997 this number would rise to 7,000.

With respect to new investments in the gas-based industries, already this year there has been the Pheonix Park Processors gas plant expansion which is of the magnitude of US \$150 million, Ispat DRI is US \$240 million and the Titan Methanol which is in the order of US \$300 million.

We have heard and read in the newspapers where some experts—I do not know if that is the name they are called—or commentators, have been saying that we are, in fact, slowing down the rate of development of the energy sector in the country. There is absolutely no truth in such an assertion. Every government at some point in time, must have the flexibility to examine and re-examine its position with respect to how it must proceed and there are various factors which have to be looked at—the competitiveness of the fiscal and legislative regime, natural gas pricing policy and the probability of overheating the economy of Trinidad and Tobago.

Everyone would recognize that there is a significant level of activity going on in the country. Despite the prophets of gloom in early 1996 and towards the middle of the year, the fact is that the construction industry, in particular, and the economy in general, is doing extremely well. One of the prime movers and catalysts of that performance has been the energy sector. But at all times we must be careful that the economy is not overheated.

The Government at this time is looking at a number of factors such as the natural gas pricing policy. The National Gas Company has more or less completed its work in that particular area and would be presenting proposals to the Government very shortly. Our fiscal incentives which are given to our investors must also be looked at. In that regard, the Government of Trinidad and Tobago appointed a team headed by the executive director of the technical advisory group and it has made certain recommendations which are now in the process of being implemented. For the benefit of this honourable Senate, I would give a brief idea of some of these recommendations which have in fact, been approved by the Government.

3.00 p.m.

The first recommendation is that the Government should appoint a team with a comprehensive term of reference to review the entire package of fiscal incentives granted to industries and, in the interim, the Government should consider administratively exercising one or more of the following options:

- i) Discontinue the granting of tax holidays for primary producers of ammonia and methanol.
- ii) Discontinue the granting of tax holidays for plant expansions of existing energy-based industries.
- iii) Encourage the use of accelerated depreciation and investment allowance incentives.
- iv) Should it be found necessary to grant tax holidays, that should not be done without an economic evaluation of the relevant operations.
- v) Fiscal concessions should be specifically directed to industries capable of generating downstream industries.
- vi) No concessions, other than those under the Free Zones Act, should be granted that would make it possible for an enterprise to be relieved of corporation tax for its entire existence, which happens in certain cases in this country.
- vii) The formula for calculating the export allowance should be reviewed to ensure a more precise determination of export profits.

Mr. Vice-President, we have in fact, taken cognizance of some of the comments made by citizens of this country where we must take a closer look at the

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gas pricing policy and the range of fiscal incentives which we, as a Government, would offer to our investors. We also continue to try to salvage something out of the debacle of the La Brea/Brighton Industrial Estate. I would not want to go too much into that issue today but just to say that Cabinet has accepted the proposal from a company known as IMC Logistics, which is an ocean and transportation logistics company operating out of Houston, Texas, to allow for further investment in the development of the La Brea Port as an international transshipment facility.

The terms of the agreement go on to say that:

"I. IMC would receive:

- (i) 100% of income earned from stevedoring services provided to transshipment vessels
- (ii) 90% of revenue earned from stevedoring services provided to vessels of LABIDCO tenants and affiliates
- (iii) Pier fees in proportion to the length of pier installed by IMC
- (iv) A Lease on a 50-acre block of land situate adjacent to the designated terminal facilities
- (v) The right to first refusal on the adjoining 20-acre parcel of land.

II. LABIDCO would receive:

- (i) All harbour dues for use of the 12 metre draft channel and turning basin
- (ii) Pier fees in proportion to the length of pier installed by LABIDCO
- (iii) 10% of gross revenue earned from stevedoring services provided to vessels of LABIDCO tenants and affiliates.
- (iv) Rental income from the lease of the 50-acre parcel of land to IMC
- (v) Increased marketability of the La Brea Industrial Estate"

Mr. Vice-President, we are, in fact, trying to clean up—in euphemistic terms—the dirty work which others have done. We, as a Government, have not neglected our commitment to the environment, particularly as it relates to the energy sector ever since the Petroleum Act was enacted in 1970—if my memory serves me

right—and also concurrent with that, of course, was the repeal of the ordinance which governs the Oil and Water Board.

Farmers in this country have had no easy recourse to compensation for damages done to their crops because of operations of companies in the energy sector. They have had to resort to very costly legal redress through the High Courts. Very soon legislation would be introduced in Parliament to set up the necessary regulations under the Petroleum Act to constitute a form of dispute resolution which would make such compensation very easy.

Also in my budget contribution in 1997, I mentioned that Cabinet has directed that the Ministry of Energy and Energy Industries prepare a legislative brief for the comprehensive review of the quarries and mining legislation in Trinidad and Tobago. I would like to advise this honourable Senate that that legislative brief has now been prepared and drafting of the necessary legislation would, in fact, commence very shortly.

Turning to the question of compressed natural gas which was raised by Sen. Rev. Teelucksingh, I just want to assure him of this Government's continuing commitment to the promotion of the use of CNG as an alternate fuel to gasoline for motor vehicles. There have been a number of instances where the pilot project which was initiated under previous regimes did not yield the required results. There are so many things wrong with it, that it is difficult to enumerate all of them to this honourable Senate. However, I can advise this honourable Senate that under this Government, a comprehensive audit of the entire CNG project has been undertaken and there are numerous initiatives which have been taken. We have looked at such factors as increasing the storage cascades size, upgrading compressor capacity and erecting CNG dedicated stations.

Mr. Vice-President, you would know that the installation of a CNG station is in the order of TT \$3.5 million. National Petroleum Marketing Company Limited, in its current financial state with its demonopolization and upgrading programme, cannot afford to undertake these measures. However, we are looking at short-term solutions. Once the problem of deliverability capability, as mentioned by Sen. Rev. Teelucksingh, has been sorted out, we shall be looking at the feasibility of introducing fiscal incentives to the motorist as well as the marketer, to increase the viability of convention and the expansion of the network. Duty concessions on conversion kits, compressors, storage and dispensing equipment will be investigated and introduced as appropriate.

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We shall also be looking at fiscal incentives for the CNG plant and equipment for fleet owners, as well as targeting particular areas of the public service sector, where travelling officers may be offered some sort of subsidy or soft loans for converting their vehicles to CNG. This project was the subject of a detailed feasibility study in 1991, but there appears to have been insufficient planning in the implementation stage and a lack of monitoring from the state. In order to redress the situation, I propose to appoint a CNG steering committee which will guide and monitor the continuing development of this fuel, with special emphasis on public education, regulatory legislation—pricing, identification, incentives, training technology updates and operational matters.

Mr. Vice-President, what I have sought to do today, is to give a brief update on matters as they affect the energy sector and the implementation process for the year thus far—1997. I am sure all of us in this Senate would agree that the dynamism and proactivity which has characterized the energy sector since November 15, 1995, is going to continue as long as we are in office.

Mr. Vice-President, with those few words, I thank you.

3.10 p.m.

Sen. Martin Daly: Mr. Vice-President, it is always a particular pleasure to join a debate in close proximity to Sen. Gangar because I always find his heart in the right place, and he always, when the occasion permits it, stresses the need for us to look at our gas pricing and other terms and conditions that we offer foreign investors.

He always speaks very cheerfully about his ministry in general and I think he has done so on this occasion again, Mr. Vice-President, because the Finance Bill always provokes reflection on the use of the country's resources. It does so because the Finance Bill is the main revenue-raising measure for the country and naturally people are concerned, not only about how the revenue is raised but also how it is going to be used. It is interesting to hear Sen. Gangar reflect generally and give us a lot of valuable information during this debate about the state of the country's energy resources, even though that information is certainly relevant but not directly related to a particular measure in the Bill.

Mr. Vice-President, I would like to look at a measure in this Bill by way of allegory or analogy. I doubt it is going to receive much attention from many speakers. I noticed in Part IX of the Bill dealing with various customs and excise measures, the old chestnut of returning nationals and returning citizens was dealt

with again. That is one measure in Part IX to which I would like to refer. I would also like to refer to legislation that is going to permit the importation of specially-equipped vehicles for use by handicapped persons.

Now, I refer to these by way of allegory because this measure concerning returning nationals, however they are defined, has been a measure that has been consistently abused and it has been with us for some time now. I can remember two finance ministers—persons I consider of great competence and expertise in the field—trying to struggle with this measure. I always wondered why we do not get rid of it.

If you leave Trinidad and Tobago to seek your fortune in Brooklyn or Toronto—great! Why must I pay for any facility for you when you are ready to return? If you want you can bring your United States or Canadian dollars and resettle here. So I always wondered why we do not just get rid of it. We need not get rid of it on the unsympathetic grounds that I am proposing, but let us get rid of it because it does not work.

The other characteristic about it is that the last two successive governments have accused each other of promoting this measure to aid their supporters. So we ought to get rid of it on the basis that it is abused and difficult to deal with, and apparently the abuse is political abuse in the sense that the measure is there—if you listen to the accusations and counter-accusations—to be dishonestly misused by governments, in order to benefit their supporters. That is what is troubling the country the most about the use of our resources.

Why is it that we have resources and projects that are consistently abused? I think the population is disgusted by the fact that one can examine certain failures in public projects and public expenditure in this country, in which both successive governments have failed miserably. It may not be politically correct any longer to refer as the old people did, to the “pot calling the kettle black,” but that is precisely what has happened with these projects.

Mr. Vice-President, when we reflect on the use of public funds one has to ask: Why are we once more debating a Finance Bill at a time when the Government has been incapable of providing us with an airport project free of “kang ka lang”? And I choose that word deliberately.

Previous governments consistently misled the country about the financing of the airport project. Now, we hear references today from representatives of the party that formed that government, raising that in the context of attempting to

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accuse this Government of corruption. This Government has now comprehensively failed to produce an airport project free of “kang ka lang.” The last time the “kang ka lang” focussed on: When are we going to get the finance? Who is behind the finance? Is Hughes really somebody in disguise?

Let us not get cute with corruption. Let us not get cute with money actually changing hands from player A to player B. Now, we have precisely the same situation again—failure in equal measure, and the country is disgusted about it. Whether we go to the dictionary to find the meaning of “corruption”, it is “kang ka lang”. We cannot get a simple, straightforward, usable airport in a quick period of time without all this “bacchanal” and “kang ka lang”. And both Governments have failed in that regard. That is what the population is upset about. An airport is a two-storey building with corridors to allow passage to and from the aeroplane. What is the problem? That is why the country is disgusted about it and that is why it is bound to come up in a debate like this.

Mr. Vice-President, while I am grateful that you have given me the opportunity to join the debate after the very thoughtful contribution of Sen. Gangar, I noticed that his fervour left him somewhat when he said philosophically, “The Government has taken action to refer these “kang ka lang” projects to various committees, let us await the outcome.” But there is a point that my good and thoughtful friend has missed. It was an act, not of contempt but complete impertinence and disregard to the people of this country for those they have appointed to look after the interest of this country, in relation to the airport matter to offer a former High Court judge blank documents for the project. That was an act of complete impertinence and complete misunderstanding of public accountability. They put them there; they are responsible!

3.20 p.m.

They refer things to the appropriate committees and the appropriate forms of inquiry, but if the people whom they have put to seek the public interest, seek to frustrate the inquiry, then they cannot be so sanguine about these matters by simply saying, they have referred it to an inquiry.

One wonders why the Chairman of the Public Accounts Committee is so reluctant now to hold his inquiry in public and he is not a member of their party—

Mr. Vice-President: I have allowed Sen. Daly some latitude as regards references to both the Airport Authority’s inquiry and the Public Accounts Committee hearing, but I would very much appreciate if Sen. Daly and any other

Senators making contributions, stay as far as possible away from the central issues that relate to both those inquiries. We would like to leave them to do their work without prejudging them in here, and even more than prejudging them, trying to debate those issues before, in fact, we hear the outcome of those inquiries.

I ask you and other Senators who may be contributing to this debate, to try to stay clear of those two issues. References to them are bad enough, but not to get into the details at all.

Sen. M. Daly: Thank you, Mr. Vice-President. I will scrupulously observe your ruling. I was going to leave the airport and go on to the things that go with the airport, namely aeroplanes. The link that I am trying to make is there are measures in this Finance Bill that have failed or were abused when used by the last government and also by this Government. I was using the returning residents as one example. Then I went on to talk about parity of failure in the use of public funds.

Another parity of failure is—and we have not had any commissions of inquiry into this yet—and I hear Sen. Montano, able representative as he is of his party, raising some issue about the sale of the shares in the methanol company. I think anybody whose party was responsible for divesting or “dying” BWIA should observe a self-imposed moratorium of five to 10 years on questioning anything that any government does in the line of divestment.

That is another example of parity of failure. We have had disastrous divestment decisions taken by the past government and we are likely to have equally immediate disastrous decisions taken by this Government, unless the philosophy of Sen. Gangar, which I always seek to support, which is getting the best value for money for this country, is persistently followed.

That parity of failing to use measures that work brings me to the question of savings. I do not think that we should reopen the entire budget debate. I would simply point out that we are now having a debate going on once more about savings and incentives to save, yet we are still persisting with a tax on local savings. No one can explain why we are persisting with this, and I would like to identify with Sen. Teelucksingh’s cry that the tax on interest on savings in local financial institutions be removed immediately. There is no justification for it.

I know that the comparative economic gurus of the Government will tell us, as they always do, “Oh, but they tax savings in Canada, Britain and the United States.” I would say, our circumstances in this country are different and let the

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foreign advisors know that. Out of my after-tax dollars as a taxpayer—and it applies to every single citizen of this country—I have to pay again, depending on my priorities, for education, health, security, and so forth. That is the difference. So unless I am getting proper value for the money that is raised by these measures—by the time I get to save any money—leave those savings alone.

I left out roads but I really do not want to do anything more to disturb the Minister of Works and Transport; he has had a pretty bad month. I cannot pay to fix the roads, but I have to pay to fix my car which is destroyed on the roads. So leave my after-tax savings alone. You cannot justify taxing me on those by reference to metropolitan countries where, broadly speaking, they get better value for the tax dollar which they spend.

I would like to reflect on some of the measures in this Bill that I would like to see removed, not tinkered with. I would like to see the returning resident exemption removed; wash our hands of it. I wish we could wash our hands of certain troublesome public facilities, but I must abide by your ruling, Mr. Vice-President. I would like to see the tax on local savings removed. They have failed for the previous government and they are failing in the hands of this Government.

I would like to share the misgivings of my colleagues about that section of the Bill that deals with casino gambling. I am absolutely satisfied that we have been driven to legitimize—because that is what we are doing—casino gambling because we were not able to enforce the laws that we have against gambling, along with many other laws that we have. Whenever we refer to the implementation problem—and those of us on the Independent Benches learnt to complain about implementation from the party that now forms the Government when they were in Opposition—we are told, “No, no, we are serious about this.” But the fact is, we cannot implement and we are legitimizing gambling because we cannot implement the laws that we have against gambling. I know there are others who are going to speak about this but I would like, once more, to identify with those who are concerned about casino gambling.

My particular concern is not so much religious or moral, but that we would never know who are the true owners of these establishments unless we force them to go public, either by forming public companies or by some other means. I would really like to see us reconsider, not the amount being charged for a black jack table, but whether or not we should be doing this at all.

Finally, very much within the spirit of your ruling, I will not develop my allegory by reference to vehicles specially equipped for use by handicapped

persons, but if I was in partisan politics and I wanted to raise the issue of corruption, I might say that this particular measure is full of corruption. I speak, of course, allegorically, so I hope the patience of the Government will not wear thin. I might say, well, you know, this measure is being introduced by the Government to facilitate a certain class of persons and I might come here and bang the desk and make very thunderous accusations. Because, you see, there is a link between jeeps and Motorola, between jeeps and equipment.

I would like to suggest that one could, perhaps, make a link between the special equipment and the vehicle in this case. The handicapped person could be anyone at all who has been involved in an airport project in Trinidad and Tobago, and equipment could be lie detectors. Therefore one could say that this measure was really being brought about for entirely political reasons. I say that, not to be cute, but because one could see a jumbie behind every tree. I do want to recommend that, perhaps, some of these vehicles be put in the hands of those whom I have suggested, suitably equipped with lie detectors, as had been suggested by one very energetic citizen.

I see we have a number of amendments and I ask the Government to consider amendments along the line which I have suggested, for the removal of those taxes which, if they are not nuisance taxes, are abuse taxes. I really think that the time has come for the Minister of Finance to stop referring to the nuisance taxes—because he has got rid of nearly all of them—and start referring to the abuse taxes and start getting rid of those.

Thank you very much, Mr. Vice-President.

3.30 p.m.

Sen. Penelope Beckles: Mr. Vice-President, I rise to make some very brief comments in relation to the Bill now before this honourable Senate. I really just want to refer to a few matters.

I would imagine that even though the Minister of Finance has initially reduced the taxes on savings from 15 to 10 per cent, one would recall that in my first budget contribution I indicated that sufficient was not done, at times, to encourage persons who save to continue to save and insofar as it has effects on the total economic situation in Trinidad and Tobago. I feel that there are those who would be comfortable with that small reduction, so from that perspective I will give the Minister some credit.

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Mr. Vice-President, the Minister of Finance, in his contribution, went on to refer to the fact that this Government is now putting on a human face in terms of how it is governing, and that is where I would take issue with him at this particular point in time. Some of us may have a human face, but I do not know if we are really human. *[Interruption]* I am glad that that statement caused the Minister of Finance to laugh a little.

When we are talking about finance and economics, and talking about putting a human face—particularly in relation to certain issues and implementing certain pieces of legislation—I dare say I am not sure if casino gambling is putting a human face, because when most gamblers leave that particular place I do not think their faces would be human at all; depending, of course, on whether they win or lose.

Mr. Vice-President, when I think about this whole issue of this administration boasting about having a human face, and at the same time I look at this morning's *Trinidad Guardian*, headlined "Horrors for TT Military Attache", I see a story of a citizen of Trinidad and Tobago who was handed his instruments to leave this country yesterday. However, lo and behold, after having sold all his belongings, transferred or transported other items to where he was supposed to go, and a function having been held in his honour—because he was due to leave on Monday—this Government with a human face, told him that he can no longer go.

Mr. Vice-President, what is reported here is that a two-year assignment for Colonel John Sandy to Washington DC as the country's military attaché has been put on hold by the Minister of National Security, Brigadier Joseph Theodore, for no apparent reason.

Sen. Mark: What does that have to do with this Bill?

Sen. P. Beckles: You do your work if you want to do your work and not confuse yourself because you just came in.

Mr. Vice-President, when the Government talks about a human face, I really wonder where is this human face. The Minister of Finance said that he is trying to make things more equitable and he wants those who are likely to be easily disadvantaged in a particular way—having regard to the economic conditions—those who are getting public assistance, old age pension, to bring them into a position where they would be more comfortable insofar as the economics of the country, thus causing the playing field to be levelled. So, when the Government talks about a human face, I really wonder if that is true. I would

hate to think that one has to amend a budget or to bring a bill in order to have a human face. I would have thought that was something that would have been aspired to from the beginning.

Sen. Rev. Teelucksingh, in his contribution, raised concerns in terms of what is happening in the Magistrates' Court, and one would recall that several measures were mentioned in the budget with respect to alleviating some of the problems there. For example, it was said that in the first quarter the Government would be starting certain courts, and that prisoners would be transported to and from court regularly. Therefore, those concerns raised by Sen. Rev. Teelucksingh should have been alleviated by now.

I dare say, even the issue of the Golden Grove prison, Mr. Vice-President. The Government had indicated that by the end of the first quarter that would have been dealt with, therefore, we should not have the problems that we have today. So, when we are looking at the increases in taxes for persons having guns, cartridges and other things, and the concern that the society has been raising in relation to the increase in crime, we must be concerned about the rationale for this new measure, I now refer to today's *Trinidad Guardian*, headline "Prisoner transport problems in East." This article was referring to the fact that yesterday, that is Monday, out of the 98 prisoners with matters listed to be heard in the First and Second Courts, only six were brought in the single police jeep being used to transport prisoners.

Mr. Vice-President, the article went on to say that whilst only six of the 98 prisoners came, there were 60 persons arrested over the weekend. So, if we add 98 and 60, we would understand that while the Government is increasing these prices in terms of guns and so forth, and we have youngsters now manufacturing them, we have a situation where there would have been 160 or so matters in one court where all those persons would have been prisoners. Whilst in the budget debate they indicated that there were so many jeeps available, a situation existed where there was only one jeep to transport 98 prisoners.

Therefore, when my colleague speaks about commenting on the magistrates and judges, we would see the difficulty here because it is clear that in that particular court there would have been in excess of 200 matters on any given day.

Mr. Vice-President, we are waiting very anxiously for the same jeeps that the Government has indicated are now readily available—are actually available—so that they can be used to assist in the fight against crime; and that is all jeeps, whether they be Cherokee or otherwise. If these matters are not dealt with in a real

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sense, we would be back to the situation where there are 98 prisoners for a court and only six could be transported, and the majority of cases are adjourned day after day.

In the month of December, we heard from the Minister of National Security about all these great efforts that were going to be made in relation to the purchase of jeeps, the prison and transporting of prisoners, but we now have a situation where in the month of April—notwithstanding the fact that they had said at the end of the first quarter these problems would be solved—we are really still in the same position or even worse.

3.40 p.m.

Mr. Vice-President, the other issue which I mentioned in my contribution to the budget debate was the issue of gas prices. I know the Minister of Energy and Energy Industries gave us a very long discourse on what is happening in his Ministry.

I indicated in my presentation that more than likely the price of transportation would increase and the Minister of Finance told us then, that there was no reason why there should be an increase. That was because there was now the removal of the payment of licences. Within the last four months of the year—and I am sure that we would remember—there have been several places in Trinidad and Tobago where the price of transport has increased, some by as much as one dollar. That brings me now to the section of the Bill dealing with the issue of used cars.

Mr. Vice-President, while the Minister mentioned that there is a restriction in terms of the vehicles being over one year but not exceeding five years, what we were particularly concerned with—because he indicated that he would have elaborated on the measures in relation to these used-cars sometime later.

In the Minister's budget presentation he mentioned that there would have been certain agents who would have been given the wherewithal to decide whether those said vehicles are roadworthy; that has not really happened. I am not sure—even though the Minister has stated one to five years, when one looks at some of the vehicles which are coming into Trinidad and Tobago—whether there is any method by which one can be specific that these vehicles are really within that range. There is a concern by some of the members of the public that these vehicles that are being bought—because I am sure the Minister knows in most instances people are only getting one month guarantees. Therefore, if they are getting a one-month guarantee it raises the question whether or not those are really the type of

vehicles that we would probably want in Trinidad and Tobago; whether or not there is a stipulation on those persons who are encouraged to bring in these completely built-up foreign used motor vehicles and whether or not there is the additional stipulation of those persons having to provide parts and accessories when those vehicles are purchased.

Mr. Vice-President, I kindly ask that the Minister simply enlighten us with respect to that area. It is now realized that the average Trinidadians and Tobagonians have been actually going for many of these used vehicles and they may find themselves in a situation where parts cannot be accessed.

Thank you, Mr. Vice-President.

Sen. Philip Marshall: Mr. Vice-President, I learnt from looking at the *Hansard* that the hon. Minister of Finance and the Minister of Tourism admitted that he felt very depressed last week. He felt very depressed at the standard of the debate and the level of commentary in relation to the Finance Bill. I do know that there are matters of extreme public importance dealing with projects relating to accountability and these should probably be aired as soon as possible. On the other hand, I totally understand the comments of the Minister of Finance and Minister of Tourism in that I really believe that we have to learn to change the language of our debate. This institution has to teach people of our country, in terms of economics and finance, what are some of the key issues relating to the development of our nation; what is the economic model upon which our Finance Bill and our various measures are predicated.

In my budget contribution I remember suggesting to the hon. Minister that we should have, possibly, on a quarterly basis, a review of the state of the economy; share with us how successful the various measures have been in terms of the collection of taxes or the various specific incentives that may have been proposed. In other words, provide this Senate and the citizens of this country with an understanding of the specific issues which relate to the direction and the underlying framework that the Government has proposed in terms of its long-term and medium-term plans. For example, Mr. Vice-President, the key issue of a central bank, and I expect the role of a government, is to preserve the value of its currency. Although, I appreciate the measure that would, in fact, put on an equal footing, deposits with local currency and not put it at a disadvantage as opposed to deposits in foreign currency, is that really the root cause facing us?

The key issue facing our country is one in which the government has to encourage its people, its entrepreneurs and its business community to invest in real

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production, in real assets, in real people and not in deposit accounts. How, therefore—and I am obviously talking about the non-oil sector; not the oil sector where a lot of the country's capital inflows are provided from foreign sources, but in the non-oil sector which, I believe presently employs something like 83 per cent and this is before the increase of the 3,000 workers in construction. Our non-oil sector is the one which needs the greatest improvement. I remind the Senate that the gross domestic product per person in our oil sector is something like 10 times that of our non-oil sector.

For our nation to compete it has to become more competitive in its external markets. What therefore are the issues which I had hoped the Minister of Finance and Minister of Tourism would have shared with us? This is the type of language I would like us to talk about in the future. I would like him, in such a quarterly review, and in a situation like this although dealing with revenue measures, to talk about issues of the interest rate. He has, on occasions, said that the interest rate is too high, that the banks should, with the reduction in reserve requirements, reduce their interest rates but it is a case sometimes of pushing one button and causing a problem in another area. If local interest rates are reduced, it means a differential against foreign interest rates would fall and the propensity would be for people to, in fact, invest in foreign currency or deposit accounts.

On the other hand, if interest rates are too high it would mean that a desire to invest may not be as great because the business venture may not be as successful as it would be, faced with greater cost challenges in terms of interest. I would like to see our Minister of Finance and Minister of Tourism paint a framework that deals with the following issues: interest rates, inflation rates, the reliance or the effect on the exchange rate; what is our level of productivity in our non-oil sector how the fiscal surplus which he has managed to achieve over the past two years, and which the country has managed to improve over the past five years, in fact, is supporting the issue of our currency rate; how is our savings rate impacting upon investment and increasing our employment.

3.50 p.m.

How do all these issues relating to the re-engineering of our public service and public sector improve our competitiveness? Earlier in this august place we had the future of our nation, our school children, listening to the debate. You would remember I made the point in the budget debate that in real terms, our expenditure per child in terms of the national budget had decreased to about 39 per cent over the past three years. Here we are saying that the future is on services, learning and

knowledge, and yet, our long-term strategic action, in terms of what we actually do is not connected to that direction.

In terms of our revenue collection, I thought I would have heard the Minister talk about the effectiveness of the new drive in terms of tax collection. I think a constant feeling of the citizens of this country who are caught in the PAYE net is that they are aggrieved when compared with other people who may have gaming tables and do not provide employment. There must be avenues for more effective collection in this term. The greater the efficiency of the revenue collection, it means that the Minister can realize his long-term goal of continually reducing the level of the highest margins of income tax.

Education, health and infrastructure do not provide the returns immediately because they generally involve expenditure. The benefit is felt between five to 15 years later. Governments may spend significant sums of money where the economic and social benefits are not readily felt, but the long-term benefits certainly provide the country with the way to move forward. We do not have enough discourse and language concerning how past investments in this area have met their targeted objectives.

In terms of personal savings we know many deductions have been removed, but personal savings take many forms. One of the issues I raised in the past was, why on a residential property an enormous stamp duty should be paid by the purchaser. I understand what the Minister is seeking. This was introduced in 1993. That is, where does a person get the money to buy a very expensive house, and yet he is not paying the required amount of income tax? I have a suggestion. Deduct that calculated sum of stamp duty on the purchase of that residential property from his income tax over a two-year period. In other words, if he has not paid the income tax to cover that stamp duty, he would then be exposed to that asset tax. Why should a person who chooses to invest in a property have to suffer the equivalent of a capital gains tax? The purchaser would deduct that return in terms of the tax which has to be paid.

In terms of the energy sector, it is evident that the Government's incentive, long-term, five-year and 10-year tax holidays and political stability of the country are providing investors with the confidence that Trinidad and Tobago is a place where significant investment can be placed with surety. It is my understanding that Venezuela is offering gas prices which are far lower than that of Trinidad and Tobago. They have come to Trinidad and Tobago in the past because we got our act together. In a portfolio investment if you are unsure about the people of a

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country, one can sell one's shares and portfolio and repatriate the foreign investment. For the continuing stability and promotion of that economic private investment, it is important for the energy sector to continue to provide us with capital as we try to transform our economy in the non-oil sector.

In conclusion, I would like to encourage a level of debate and understanding where we would be providing greater stability, more current information and trends in our economy, where we would see the work of the Ministry of Finance in maintaining favourable fiscal surplus; there would be policies on Central Bank, in terms of inflation rates, interest rates and a long-term deal to encourage confidence in our economy. I believe that Trinidadians and Tobagonians have the wherewithal to continue to invest in our currency and economy if they are assured that the targeted levels of inflation would not be dissipated because of the fact of not understanding the overall framework of the fiscal policy.

I end by encouraging the Minister to share with us information on the success of the strategies throughout the year under review, and help us to prepare for more informed debate at the end of the day. Let us work together.

Thank you.

Sen. Elizabeth Mannelle: Mr. Vice-President, I would like to make a few points about the Finance Bill before us. I would start with the registration of clubs. I ask the Minister of Finance and Minister of Tourism two questions about that provision. The first is: What is the anticipated revenue increase, if any, that is expected by the change in the taxing system on the members' club? I ask this because the Minister stated that this change was to make the determination of tax more certain. If the determination of tax is more certain, then one would expect that there would be increased collection of revenue. When I checked the draft estimated revenue for 1997, I noted that there was no increase in the fee which would be collected from the clubs under Chap. 21:01. It is estimated to be \$250,000 in 1996 and the revised estimate is \$800,000 for 1996; the 1997 estimate is also \$800,000. It seems as though there would be no increase in revenue by this change in the tax system. If so, my second question is: What is the real purpose behind this amendment?

I took a step back after reading this provision and I asked myself what is happening here? There was a system where members' clubs were taxed based on the membership of people getting together, socializing and playing games. Now we are moving into a system where they are being taxed on the gambling activities.

4.00 p.m.

It seems to me that it is a slow effort to make us embrace the accountability of casino gambling one step at a time. If that is the purpose behind this amendment, the Minister should say so forthrightly. I believe that the Minister gave an undertaking that before any legislation is enacted, there will be public consultation on the accountability of casino gambling. If that is so, this measure—I do not want to say anything which might not fit within Sen. Marshall's advice—seems underhand. It seems to be a clandestine effort to make us more chummy with casino gambling; a sort of down-the-road chipping away of our resistance to gambling. I am aware of what he is doing. We are all aware and I will ensure that the public is also aware.

There is a second section about which I would like to ask two questions—Part VII. They are a bit technical and they deal with the corporate tax provision for limited group relief. These provisions would provide for some offsetting between companies within the group. The new section 18J, which is included in the corporation tax section, states that:

“Group relief shall be denied —

(b) to companies which are only temporary group members.”

That is certainly prudent. My question is: How does one define “temporary”, and what guidelines should one expect to guide businesses that are seeking to take advantage of this much needed provision?

I also have a question about the proposed section 18G. I wonder if it is a typographical error that needs to be corrected. On page 24 of the Bill, it is stated that:

“(2) A claim...shall be made or withdrawn within two years of—

(a) the end of the claimant company's accounting...; and

(b) the end of the date of the surrendering company's accounting period...”

Is there any difference between the end of the accounting period and the end of the date of the surrendering company's accounting period? The words “the date of” should be taken out.

The third issue I would like to raise in this debate, Mr. Vice-President, deals with Part III, Old Age Pensions and Part IV, Public Assistance. I am, of course,

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disappointed that the money was not paid for four months. I have a great uncle who is 106 years old and he has not received his backpay. The Minister says that this delay of four months was due to administrative difficulties. That is not good enough. I hope that this will not continue.

When one considers these two provisions—the increase in old age pension and the whole idea of public assistance—one realizes that these provisions are meant to help those who are poor and who are economically and socially disadvantaged due to old age and their social situations. The Minister, in closing his contribution, stated that the Government intends keeping faith with the people. He talked about the poor and the dispossessed trusting the Government. In the context of keeping faith with the people and of public assistance to the disadvantaged, my mind went back to those who are disadvantaged because of unforeseen circumstances in their lives, such as earthquakes and volcanic eruptions. I remember the whole issue of those disadvantaged because of the John John fire. I saw an advertisement by the National Housing Authority in the *Sunday Express*, dated April 20, 1997, inviting purchasers for the John John Towers.

Mr. Vice-President, you can imagine how the people of John John feel about this. Think about how you would feel if your home were destroyed by fire and right next to your home an apartment complex went up and you were anticipating moving into the complex with your family, and some wrangling went on, and while you were waiting, expecting something to be done to help the poor and dispossessed, you find the apartments being offered on the open market at the price of \$272,000. They require 10 per cent down and financing at 90 per cent within 90 days. I checked with a local bank and I was informed that under such a mortgage arrangement, a purchaser would have to pay \$2,689 per month. On average, one would have to be taking home, after tax, about \$7,500 to \$8,000 per month. This is based on the bank's requirements that the housing cost not be more than 35 per cent of one's take-home pay. Clearly, this is targeting middle-income persons.

The Minister of Finance made a comment about keeping faith with respect to the poor and dispossessed. Is offering these apartments at the price of \$272,000 keeping faith with respect to the poor and the dispossessed and those disadvantaged because of unforeseen or unpredictable circumstances? I compare this with other NHA properties. I am aware that there are, in Glencoe, Westmoorings, two-bedroom houses being sold at the price of \$252,000 each. There are private villas in the Diego Martin valley that have also been sold for this

amount. Clearly, this Government has no concern for the poor, the dispossessed and those who are socially disadvantaged. Clearly, this Government is not concerned about the need for a roof over our heads.

The Government is getting criticism for the treatment of its party financiers, with million-dollar contracts and so forth. One would have expected that the Government would have taken this opportunity to redress the damage being inflicted upon the poor and dispossessed. One would have hoped that it would have taken the opportunity presented by the John John Towers to keep the faith. It may be that one arm of the Cabinet is doing one thing and another arm is doing another thing. It remains to be seen if the total Cabinet, working together, can actually walk a straight path.

Mr. Vice-President, these are the only comments I wish to make. I thank you.

4.10 p.m.

Sen. Prof. Julian Kenny: Mr. Vice-President, just a few brief comments on Parts III, V and VI. I note the comment about concerns for the elderly and it is a good one. I think that the elderly should welcome the provision of the increase for the old age pensioners, however, when I look at the actual figure, the old age pensioners will now be getting more than a national insurance candidate after 720 contributions.

From my personal experience, my wife, who is not an old age pensioner, gets a national insurance pension of \$349.00 a month. In fact, having paid 720 contributions throughout her professional life as a school teacher, she is now getting a pension which is less than that of an old age pensioner. I think there is an anomaly here, and I know that people have raised the question about the levels of contribution benefits, and each year there is a promise that the actuaries are going to do something to raise the rates to have meaningful benefits.

When someone has been paid a pension, ends up getting less than someone who has not been able to work, I suggest that there is an anomaly in the national insurance. Another issue is the life certificate, and having to prove that you are alive. In fact, one goes there to the National Insurance Board and they say you have to fill in a form to show that you are alive. I say well, "Here I am," but they insist that one has to fill in a form. When one asks why can it not simply be commuted, they say it cannot be done. There is something a bit crazy about the way this thing is done.

I do welcome the increase in the old age pension and for those who are dependants and have contributed and who have absolutely nothing, but the matter ought to be re-examined, not just simply have the actuaries take a look at it again, but have a firm decision on when it will be done.

In Part v, the hon. Minister of Finance knows that I have a fixation about the Motor Vehicles and Road Traffic Act, of course, concentrating on the motor vehicle part of it. I think that it is a retrograde step to encourage the importation of used vehicles. In Japan the policy is now to restrict the life of a vehicle in that country to four years and then get rid of it, selling to anyone who may have it, which means us, Jamaica and other places.

Apart from the technical problems that are associated with having a vehicle designed and operated in a certain environment, we are actually importing junk, and I will be inclined with the motor vehicles policy to be very hard on the importation of used vehicles. In fact, I would make it more difficult for people to own used vehicles, because the real cost of the motor vehicle is in the traffic.

The Minister of Works and Transport is not here, but he is facing the problem of capital that is diverted into making more and more roads to accommodate more and more vehicles which create smoke, and I suggest that there is really the need for this country, which is small, to be able to solve problems. I think it is long overdue that some serious thoughts on the subject of a rapid transit system for the East/West Corridor and possibly North/South be implemented.

Instead of thinking about things like a ferry port off Toco, which is quite bizarre, I suggest that we really ought to be addressing the whole subject of transport of people in the country, not simply making it easy for persons to have second-hand cars from Japan. Associated with this idea of looking into the issue of mass transit, which would be cleaner, is the whole question of how we tax our fuel. I think Sen. Rev. Teelucksingh referred to the CNG being the clean fuel. I think that we really ought to concentrate on making the dirtiest fuel the most heavily taxed one.

I know that Sen. Gangar has referred to the policy. It is really quite a major statement which has not been adequately covered in the press, but he made the statement of bringing the date for phasing out the leaded fuel by the end of the year 2000. It has been something that people have talked about for years, but we have to hand it to this Government. I would not criticize because it is a difficult thing one has to do.

On the question about transport, forget the vehicles for a while, the policy here should really be to make vehicles equipped with CNG really attractive. May I also point out that diesel fuel has become a serious problem in Trinidad and Tobago. We have diesel fuel here, which the Minister will acknowledge is high in sulphur and this, on partial combustion, gives you sulphur dioxide which is not good for your breathing. There is also the risk of serious traffic accidents when one is trying to overtake a vehicle, throwing out so much black smoke that one cannot see the way.

I think that the Government really ought to start thinking, not only in terms of motor vehicles, but of mass transit. It cannot be done next year, or the year after but the planning has to start now for the future. And that would remove much of the problems created by abuse of vehicles.

Part VI is also something which has concerned me—the care for the elderly. In this country one knows that the elderly in catastrophic illnesses may require large sums of money for treatment. I think in the budget debate, Sen. Mahabir-Wyatt referred to prescriptions. If one has a chronic illness and the drug required is costing (x) dollars a month, one will never be relieved of that.

The point that I am going to make is that it is admirable that the Government should think in terms of giving concessions on interest on buying a house. Persons starting out have to live somewhere and rather than having them depend on the Government for housing, they are given concessions. This is admirable.

4.20 p.m.

I certainly think we ought to be encouraged to provide pensions for ourselves and not have to rely on state pension funds. In the United Kingdom they are talking about privatizing and moving away from state pension and this is very admirable.

I would certainly go along with concessions being given for payment of national insurance. I would like to emphasize to the Minister of Finance and Minister of Tourism that in this country one cannot get comprehensive health insurance beyond the age of 65 years. People who want to look after their own interest may, at some time, have to go abroad for health insurance. However, when they do get it, depending on the coverage, it might be £400 to £800 a year.

When one has gone through life and has put down money on a house and then one moves to saving for one's old age—Mr. President, when I make out my

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income tax for the year, nothing goes under “Allowances” because I no longer have a mortgage, children to educate and so forth. However, there are people in this country who really do suffer and, in catastrophic illness, one may die because one does not have the money.

Sen. Mannette made reference to an uncle of 106 years and when people get to that age or even before that they require care. It is fine to say that their family would look after them. However, there are many people who really have to struggle because they have to pay for care, probably not in a geriatric home, but they may have to get someone to come in to take care of them. There are many examples throughout the country. The point I would like to make here is that Government, in its concern for the elderly, should also consider making concessions under the same category for medical insurance, catastrophic illness and possibly for care of the elderly.

I thank you, Mr. Vice-President.

Sen. Dr. Eastlyn Mc Kenzie: Mr. Vice-President, I would like to ask one favour of the hon. Minister, it comes under Part VI, Employment Allowance Rules. I made this request when I made my contribution to the debate. I would like to know whether there could be any special incentive under the Employment Allowance Rules for those who employ handicapped persons?

Thank you very much.

Mr. Vice-President: The sitting of the Senate is suspended for half an hour for tea and will resume at 4.55 p.m.

4.25 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

Sen. Prof. John Spence: Mr. President, one can use this opportunity for addressing a wide range of issues and justify it on the basis of finance, and that is the great temptation. I resist that temptation except to indulge in mentioning a few of my usual hobby-horses.

The hon. Minister of Energy and Energy Industries spoke of the dynamism of the approach to the energy sector, on which I congratulate him. I would have been overjoyed if I could have observed the similar dynamism in the agricultural sector. Sen. Marshall, especially, spoke about the non-oil sector and it would be very heartening if we could get, at least, something from that sector.

On that score, recently the Minister of Public Administration and Information changed the format of the evening programmes to introduce a 15-minute slot before the news. One of the first programmes was the report on the agricultural sector. Unfortunately, if one examines that in more detail, one would find that some of the issues are not quite as rosy as pictured in that report.

Just to mention two: a report was given of a 30 per cent increase in corn production. I took the trouble of calling the National Flour Mills to enquire about the total purchases of corn for last year; I was told 100 pounds. I presume, the boast of a 30 per cent increase meant an increase from 75 pounds to 100 pounds. If one were to examine all the figures, one would see a similar sort of picture. At the end of 1995, there happened to be a late crop of rice—most of the 1995 crop was harvested early in 1996, but, of course, a large percentage increase was reported for the 1996 crop. It is a bit discouraging to find that the only dynamic reports in the agricultural sector do not really stand up to scrutiny.

When one is thinking about our resources, again, Sen. Marshall mentioned the importance of utilizing our resources—another recent bit of news which was on the television was a report that we are, once again, exporting raw teak logs from Trinidad and Tobago. If we are talking about earning revenue—which I am sure the hon. Minister of Finance is concerned with—there is nothing more detrimental to earning revenue from the natural resources that we have, by way of our standing teak and other woods, than exporting raw logs. This was done some years ago and I thought that there was sufficient outcry from various persons that it would stop, but apparently it has started again. That is another aspect of utilization of our non-oil resources rather wastefully. I have here a document on business opportunity from the woodworking industry and from my perusal of this document, which is written by Mr. Vernon and was presented at a development and finance limited conference in 1996, the value added between raw logs and furniture for example is, I suppose, about 50 times the value of our logs that we are exporting.

Mr. President, to get down more precisely to the business at hand, namely, the present Bill, the section that gives me most concern is Part II of clause 2 which is on the revenue from making a charge on various gambling devices. Like previous speakers, I believe this to be a way of introducing the concept of casino gambling through the backdoor. It seems to me that if these devices are currently illegal, except in private clubs, we should be passing legislation to make them illegal in the private clubs rather than to say that we are not collecting revenue from that source. I would not repeat all the arguments that I used in the budget debate with

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respect to casino gambling except to say, once again, it is quite the wrong direction for our country to be going especially when we are all aware of the many adverse circumstances that are arising with respect to violence and drugs and other crimes. Certainly, I am much opposed to this and I think that the best we can do is to remove this clause altogether, so that when we come to address the issue directly we can have a proper debate rather than try to get it through the backdoor in this way.

This is why I have suggested an amendment to the Bill which deletes clause 2, Part II. Mr. President, I certainly would call for a division and vote against this Bill even though it is unusual for a money bill, if this clause is included.

These are the main points I would like to make. Firstly, I do not like the concept of casino gambling, so I ask for the deletion of this clause. Secondly, I hope that we would get a bit more from the Government about the development of the other sectors, not just the oil which we got from the Minister, but in my case, I am particularly interested in the dynamic developments that we might be looking forward to in the agricultural sector.

Thank you.

Sen. Dr. Eric St. Cyr: Mr. President, I really want to make two points today. The first is that a society, an economy, wherever people interact together, rests fundamentally on morality, and that is the sense of right and wrong, good and evil, with which all people are equipped, as part of their very being.

I dare say that Part II of the Bill to which other speakers before me have alluded, worries me immensely, and perhaps for the sixth time over the last few years I am formally registering my disapproval. In doing so, let me say that there are three ways in which I could come to wealth: Firstly, by working for it; secondly, by borrowing it—in which case with the wealth I have a debt; thirdly, getting it by improper means such as defrauding, stealing or outwitting. Whichever of the last category we put gambling in, I just feel certain that it is immoral. If we point the country in that direction we will continue to encourage people to seek wealth or money by means other than good, honest, upright work and enterprise.

5.10 p.m.

I am simply recording my disapproval of the direction in which we are going, and to say that I hope the promised Casino Gambling Bill is not somewhere hidden

in between there. I must say that, yet again, to see whether the hon. Minister would assure me that it is so; that it is not hidden there.

The second thing I want to do is to make some brief comments on some of the more interesting aspects of the debate on the Bill so far and, in particular, to refer to the exchange rate and interest on savings. If I may deal with the latter first, my understanding is that one of the bases of taxation is income—the other two being expenditure and wealth or property. If we are taxing income, there are two basic sources of income: labour income, earned by work, and the other, property income which is income derived from various forms of property, one of which is accumulated savings.

Although we recognize that it does appear that taxing interest seems to be taxing savings out of income which had already been taxed, the fact is, interest is a form of income accruing to financial assets or wealth. My understanding is that as far as we could go on this, it is probably not only that other people do it, but it is a valid form of taxing. Now, we note that we pay 35 per cent on labour income at the margin. It was once thought that 15 per cent on interest was not a disincentive to income earned in that way and now we are getting a further break on it by the reduction of the tax to 10 per cent. Speaking professionally, I would support and think that a tax of 10 per cent on the interest earned from savings is not technically invalid though, no tax at all on any forms of income would perhaps be the preferred position most people would like to have.

The second matter is the exchange rate. Let me say again, in an economy such as ours, this is the most important price and keeping our eyes on that price indicates the fundamental health of the economic system. When we had a fixed exchange rate, regardless of what was taking place in the economy, we pegged it and kept it there so that although it was not moving, the economy as a whole could have been in a fundamentally unbalanced position, only the price could not move because it was pegged. What we have now, since we have moved into the paradigm of the liberalized economy, is that in that price, what is happening in the economic system will always be reflected. To prop it up by short-term measures would probably mask what is happening in the economic system.

My understanding of the fundamental determinants of the exchange rate is, first and foremost, the productivity of the country compared with the productivity of other countries. What I see in our country is that we are slipping behind, in terms of the rate of growth of our productivity. I would not peg the rate; what I would

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do is seek to enhance the rate of increase of our factor productivity by means such as education, investment, enhanced technology, and so forth.

The second determinant of the exchange rate is public confidence in the whole economic system, and I think this is where Sen. Montano made his most fundamental point. Basically, what is happening in the capital markets—and capital markets largely reflect the level of confidence in the stability of the Government, in the policies of the Government, in the viability of all that is being done. We are back to the moral issue, because where the society and the economy are on a good, firm, moral basis, thereby getting a broad consensus on what we are doing and how we are doing it, you then find that the politics is less topsy turvy and there is a sense of less instability in the society that redounds to investor confidence and ultimately shows itself in stable capital markets. From that point, there would be no slippage in the exchange rate. I say “from that point” because if your productivity is falling behind, there would be slippage on that front, so, we need to address both of those issues.

Mr. President, I would like to ask a couple of simple questions. I was looking at the relief being offered to companies which make losses by way of being able to shift from one company within a group, under certain conditions, to another and I wondered whether we could not solve this whole problem by allowing companies to consolidate their accounts. As I understand it, if it is the group that put up the equity to start a new company, we would not want to discourage that because we must promote equity investment and go into risky areas and, invariably, in the first few years of a company's life, profits are seldom earned.

The formula, as I tried to work it out, seemed a little complicated to me. I am sure it is correct, but I was wondering whether we could not go the whole hog and allow companies to consolidate for tax purposes. That is one comment I would like to make there. My final comment is that what we need to do is to promote, generally, in the economy—and this is Sen. Marshall's point—the long-term solution to all our problems, which is to encourage a will to economize. That will to economize comes on two fronts: Firstly, the will to work, to invent, the incentive to create, to market, and to earn. The second dimension of that will is the will to accumulate, because the society protects wealth when accumulated and that touches on the system of law and order.

Mr. President, I will stop here. Thank you very much.

5.20 p.m.

The Minister of National Security (Sen. Brig. The Hon. Joseph Theodore): Mr. President, I rise to make a brief statement concerning conclusions drawn and statements made earlier by Sen. Beckles, based on an article which appeared in today's *Guardian*. The subject of the article was Colonel Sandy and his family. It appears as though what is being put in the record is that this Government is behaving in a less than humane fashion and is somehow making life difficult for this officer. The impression is that he is being denied a trip to the United States, but the very nature of his appointment is one that was made by the Ministry and the matter of finalizing his journey is something that is left to the discretion of the Minister.

So Mr. President, I would like to get the facts straight so that the records do not reflect any negative impression or suggest—as appears to be the intent—that the Ministry is in any way acting in bad faith with one of the officers of the defence force. I met with Colonel Sandy last Wednesday for a final briefing to find out if everything was in order and if he was prepared to travel. I, in fact, confirmed with him that the date he wanted to travel which was Monday, April 21, 1997 was suitable.

On Friday we discovered that there were certain matters which had not been finally resolved as far as posting an officer to a foreign country goes. I immediately informed the Chief of Defence Staff that Colonel Sandy was asked to postpone his departure and I suggested that it would be for approximately 24 hours. The problem did not seem insurmountable and I, as Minister, am probably to blame for what occurred. However, for some reason this simple administrative matter seems to have been blown out of proportion.

I would like this honourable House to know—and for the record—that Colonel Sandy was informed on Monday afternoon that he was free to make new travel arrangements because the so-called problem had been resolved. This he did, and I would like to beg your indulgence, I am reading from the flight arrangement for Colonel Sandy and family. On Wednesday, April 23, 1997 he will be departing Port of Spain on flight BW 432 to Miami, after which he will be leaving Miami for Washington D.C. where he will be met on arrival by embassy officials.

Mr. President, I thank you very much for the opportunity, but I think it is only fair that quotations made or suggestions implied in this honourable House be not done in a scurrilous manner. It is unfortunate also that the newspaper in question put such a slant on an article. While some of the things in it are factual, the general impression conveyed is very negative.

Thank you, Mr. President.

The Minister of Finance and Minister of Tourism (Sen. The Hon. Brian Kuei Tung): Mr. President, let me from the onset say that, today I am not depressed. I must say that I have enjoyed this; this has been a livelier and intelligent, certainly a more enjoyable debate than I have had in the other place, where, instead of debating the measures in the Bill, I was subjected to all sorts of strange things being treated to me. It is certainly very refreshing to listen to a level and quality of debate that is more focussed and certainly more helpful to me in my job as Minister of Finance and Minister of Tourism.

Let me also say that for me this is the third bite at the budget. You recall that we discussed the Appropriation Bill here and many of these measures—I say many, because it was not all of them; one or two of them are relatively new—are old measures which were introduced at the time of the Appropriation Bill as part of the measures that I wanted to take, that had been done before January 1, 1997. One of the things that I attempted to do, which I thought was a precedent by concept for future budgets, is that we do not have measures creeping in on us overnight; with the Provisional Collection of Taxes Order being done that same day and having people rush to fill up tanks, and to buy and store stuff.

Instead, one of the deliberate plans that I gave in the 1997 budget was that I announced that all these measures would take place on January 1, 1997. It gave the nation an opportunity to study the measures, to understand how it impacted on their lives, and in essence, not subject the nation to a lot of trauma, because measures would have come that they wanted to take advantage of. That is the second plan. So I had a Provisional Collection of Taxes Order signed on December 30, 1996 that would have taken effect on January 1, 1997.

I brought the Provisional Collection of Taxes Order here and we looked at it again as a debate. This time, because the law says that new taxes must be confirmed—and that is my word incidentally, that is not the word of the Constitution—under the 20 days, I am back here again for the third time literally, with what may sound to you like something a little bit superfluous, but it is not for me. I need to legitimize these measures in order to collect revenues for the rest of this year. Hence, I am back here with a Finance Bill which will give me the authority to contribute to the collection aspect of these measures. I say this in an open statement because I get the feeling that some Senators must have heard me defend these measures somewhat, before, and yet I get the feeling I have to defend them along the same lines. What worries me about this in particular is the question

of whether I am being chummy to introduce casinos, or whether I am doing it in a surreptitious fashion. I wish to assure this Senate that neither of them is correct.

This is not a Casinos Bill, nor is it an attempt to do a Casinos Bill. I do hope that this time you will clearly understand that it is nothing more than a basis for collecting tax. A basis that to my mind is a little more fair, if you pardon the expression. I say fair with respect to both the payer of the tax and the collector of the tax, which is the Government. In the past it was based upon membership, and what had happened was that each member club would come in a shade under the minimum tax and they just said, "I have 250 members." There was no way the revenue authorities could determine whether they had 3,000, 30,000 or otherwise. It is a sham, and at least I am trying to collect a fair share of something that is being operated now.

The membership clubs have been around for many years, as far as I am told, and they have been there operating. I am not attempting to legitimize them, I am merely saying it makes no sense collecting \$300 or \$1,000 from a club, based upon a membership of 300 people when I could be collecting it based upon a more certain and rigid basis. The basis I chose was tables. When you go in there anyone can expect you to say you have "XY" tables, so we pay this. As I said it is clear, understood and certain, but it is not a casino measure.

5.30 p.m.

I am told—and I am no attorney—that the measure by which you keep casinos out of Trinidad and Tobago is basically equipment that pays out money, such as slot machines. When money is put into a slot machine, it can pay you out of the winnings. Tables would not. There is a man at the tables paying out money. That is why tables per se, are allowed as legitimate in the sense that they are not illegal. But, if one brought in this equipment which pays out money, that is illegal, and that is the difference between membership clubs and casinos.

I have said to this Senate before, I really do not visit these members' clubs, I am merely going by what I am told in terms of what is there. I am not using this as a measure to introduce casinos, because the equipment used by casinos such as slot machines and the like, is not allowed under this measure. I have not changed that law, and when I am ready to introduce casino gambling I would have no choice but to consult with the people of Trinidad and Tobago before bringing any legislation. In addition to that, I would have had a policy position determined and it would be articulated clearly.

I could just give a hint that at this point our policy seems to be pushing us in the position where we do not want casinos on every street corner, but in order to enhance our tourism product we may have to introduce casinos. Therefore, if they are going to be introduced, our policy suggests it would have to be on the basis of getting a 200-room hotel, at least. If that is not done, a casino licence will never be given, and that includes Maritime Roundabout Plaza. There is so much gossip today about what is happening that people are tending to believe many things which are not correct.

I do not know where Saracen is—I should say I do know now, because I have been told that it is in Victoria Square. I have heard about it and today I heard about the beefy characters who are bouncers and also that I am scared of them. I am not tempted by the scantily dressed hostesses and I am really not in the least interested in casinos. I believe in what Dr. St. Cyr said, that I should earn my money by working for it. Some people say that I outwit other people in earning money but I do not think that is so. There is no question of earning money under your third category.

In addressing the question of casinos, I hope that until I do have a policy to announce, people would see these measures for what they are. When “any other device” is put in under the Second Schedule it is not because I plan to bring that same equipment which is illegal, under “any other device”. It is because we have actually described specific tables—not knowing whether there would be another table coming up which has not been taken into consideration—that we put the matter under “any other device” to ensure that every table that is legal and legitimate is trapped under the tax calculation. As I said, it is not a surreptitious approach to introducing banned or illegal equipment into these membership clubs.

One of the other areas that generated a lot of discussion is the interest on foreign currency deposits. I am one of those who do not believe that the budget could ever have anything to do with foreign currency or exchange rates for the time being. The reason being that there are people who have always associated the budget—and I mean people at large—with measures that would cause changes in the exchange rate. Let me say now what I could not have said then, and will say in clear terms: This is why I had to wait till I brought the Finance Bill to Parliament before I could attach the tax and the interest on savings. I would not dare do it during the budget because I do not want people to think that I am tinkering with the exchange rate. This is one thing that I have to admire about the previous administration—maybe it is the only thing—the fact that they floated the exchange rate. It is a good measure and one to which we are committed. It was floated and

therefore I feel that the amount *[Interruption]*—No, I am not coming in the Opposition either; I would like to welcome hon. Members back to this side. I think it is a good system where the players in the market could determine the price—meaning rate. Thus we have it within our power to decide how that rate is going to be.

While Government could bring some indirect influence to bear on the rate, or the price, I think that the suggestion by Sen. Montano is taking it a little too close to what I consider trying to manage the rate. This is why I have difficulty in trying to bring measures that appear to be directly influencing the rate in either Finance Bills or budgets.

One would notice that I have tried to avoid any discussions on the exchange rate at budget time mainly because people seem to think there is some association between budgets and how the exchange rate moves. That is what I am trying to disabuse from people's minds, hence I have done nothing until now. I see this measure as merely correcting an anomaly that existed before.

I was going to give my own rebuttal to the question of tax on interest and the fact that there were savings, but Dr. St. Cyr has done a much better job than I would have done. I know that Sen. Daly raised the point about him having to save money after all these hardships he has been put through and therefore he should not be taxed on the interest. As Dr. St. Cyr pointed out, however, that income could come from several sources, either earned or in the case of accumulated wealth which works for someone in terms of earning interest or revenues. In such a case it is a legitimate request by any government authority to tax income which arises as a result of savings or the accumulation of wealth.

Government's position is, given the fact that people do not have a high propensity to save, people seem to think and—we agree somewhat—that it is a disincentive to saving. Thus, I am giving and taking and I see the tax on interest on savings for individuals in particular—I am not sure I have the same sympathy for corporations yet—is acting as a disincentive and there is the possibility that it would be removed.

I have given the undertaking that the least I would do in the next budget is reduce both of them somewhat, if only because I do not want it to appear that we are telling people not to save. Since I have done a number of measures that seemed as though I have introduced disincentives to saving, we are now saying that is not our position and we would be happy to reduce those taxes, literally down to zero, if the revenue position of the country had allowed it. At this time it is not

favourable and I have done something to allow some more fairness to apply in the market, and at the next budget I would look at it to determine if the 10 per cent rate on both could be reduced a little. It is not fair to say that one should not tax on interest or income that arises as a result of accumulation of wealth or savings.

The other matter that Sen. Montano raised was the question of the employment allowance. Sometimes I realize how naive I can be, because I think of measures that would benefit as many people as possible and somewhere along the line the Opposition is able to find a way in which it can be applied in specific terms to associates of mine, so that the measures appear to be “associate” measures. I find that a little bit difficult to swallow and a little preposterous. Even when license fees were removed for all of the travelling public, including the man in the street, I suddenly heard that it was being designed for a particular associate who has a car rental firm. He is not the only one with a car rental firm and it was not a specific measure aimed at an individual. That would be corrupt. I have been hearing that the employment allowance is also specific to him and is corrupt. We have to get serious. *[Interruption]*

This measure is not called an associate measure, it is an employment allowance available to everyone and everyone has an opportunity. This Government has indicated it is serious about addressing the unemployment problems and while it may not tell us the reason it did not work before, there is no guarantee it would not work now. What we have to do is see if we can tinker with it a little bit to ensure that it works. I rather like Dr. Mc Kenzie’s suggestion that, maybe, there should be an even higher allowance for handicapped employees, and it is something we would look at again.

5.40 p.m.

The question of handicapped people in Trinidad and Tobago has to be addressed in a rather wholesome approach because it does not make sense saying that allowance will be made to handicapped people only to find that the elevators and steps are not available to them. We will look at it, we will look at people who are disadvantaged in the society and give incentives to it. This question of incentives always bothers me. Here I am saying we have a high propensity to save and consume and somehow or the other, we do not do anything unless there is an incentive in it and that worries me.

This morning I was told that the Unit Trust Corporation sales have decreased and they are laying the blame for that on the doorstep of the Minister of Finance

because they claim the decrease only arose as a result of the fact that it is not allowed as a tax credit. I really do not understand why the Unit Trust Corporation did not rise to the challenge to see if they can compete. If there are going to be other mutual funds with which they can compete, these cannot compete on the basis of being given a tax incentive because we would not give them. Therefore, the private banks which may want to operate a mutual fund cannot say, "We are not given any tax incentives but we are required to compete with the Unit Trust Corporation which was the first mutual fund and, therefore, it was given all the incentives necessary."

The Unit Trust Corporation has an obligation to market its performance, strength and viability. That is the challenge, and the question of incentives for things like these really worries me because I do not think that it is fair for the revenue authorities. Given the fact that I am committed to lowering of taxes to both individuals and corporations, I do not see how incentives are really going to be incentives in the long run.

In the days when you were paying 70 cents on the dollar at the top tax bracket, surely that was a very easy incentive to be attracted to, but today when you are moving towards the lower 30s, it really is not an incentive. As a matter of fact it has become worse. Now people are saying, "Now that it is 30 cents on the dollar, why am I going to put money in something mainly because Government is allowing me 30 cents?" Before, if I put 30 cents and you 70 cents, I took the risk; that was a good incentive. But now you are asking me to put 70 cents and you 30 cents. It is losing its impact as an incentive.

I hope that the Minister of Energy and Energy Industries has answered all Sen. Rev. Teelucksingh's concerns about CNG. We are presently doing a study to see whether we could allow things such as CNG kits. I believe that it is currently underway and we are going to ensure that any disincentive to CNG is removed and that CNG is pushed. I think Sen. Prof. Kenny also made an appeal for it. Surely I am all for clean air and I hope this Government would demonstrate that by addressing any of the disincentives which exist to people using CNG as opposed to diesel and other types of fuel.

With regard to the question raised by Sen. Rev. Teelucksingh in respect of customs duty on guns, I do not think this Government is encouraging people to import guns. As a matter of fact, I just want to remind Senators that guns and ammunition remain on the negative list. These are a few of the remaining items on our negative list. One of these days I would have liked to be able to boast that we

have no negative list but as long as the country continues to be spoiled by crime as it is, I think that guns, firearms and ammunition will remain on the negative list. It is one of these categories which when the whole harmonization of customs duties for Caricom was being looked at, all of the other countries agreed to reduce by five per cent.

Therefore, I hope one would understand that it is not that we are, as a policy, promoting the importation of guns because one really cannot import a gun unless one gets a licence. The licences are only made available by various circumstances and only persons who are granted a licence for firearms are allowed legally to bring in guns, in which case they pay a slightly lower duty. But I am not ready for it. It is just that it may make a whole mess in terms of the entire Caricom harmonization of duties and classifications. If we think about it, we are already too far from what the rest of Caricom is doing. However, I do take your comments seriously and I myself would have wished that I could have kept duties on firearms much higher—maybe 150 per cent instead of 30 per cent—if only to discourage people, except that it is already on the negative list and that is a form of deterrent.

Sen. Daily raised much concern about returning nationals and maybe I can spend one minute to quickly indicate to you what is being done. We have recently put together a team to look at how we are going to implement our used car policy. I announced our used car policy—its implementation—in the budget and a number of measures have been introduced. I also indicated some of the terms and conditions under which used cars would be allowed. We now have a policy implementing this particular measure. We are looking to see what laws have to be changed, what administrative provisions, controls, checks and balances have to be put in place before we allow used cars into Trinidad and Tobago “free sheet”. When I say “free sheet”, I do not mean in that sense that would allow anyone or everyone to import used cars.

The policy at the time, was not to allow individuals to import used cars because we would end up with a hodgepodge of broken down cars littering the landscape. To avoid that we have said, one has to be a registered dealer in order to import used cars. Also, we will not allow that unless one is prepared to give certain guarantees in terms of service, parts and warranties with respect to the sale by the dealer so that the purchaser could at least be comforted to know that they have a warranty of more than one month—minimum of six months—warranty on a used car. Again, that is to protect the road users and hopefully, in the long run, to protect the country and the roadways from the litter of broken down cars also coming from questionable sources.

The used car policy we came up with, says that we were only going to allow five-year-old cars but there is one area in which you get more cars older than five years, and that is returning residents. I am sympathetic to Sen. Daly's concerns about returning nationals. I am one of those who felt that the previous administration made a huge loophole by allowing new cars to be brought in, so that returning nationals were literally buying their cars here. That was a silly thing. What I attempted to do was to clean it up.

You could say that returning residents bring three categories of goods with them: personal effects which tend to be things they had in their homes. What we have done, is given a lumpsum as an allowance so that you could bring your personal effects rather than give any other rule. Any other rule would be subject to misinterpretation. Under that lumpsum we also included tools of trade, so if you were a practising dentist and wanted to bring home your equipment to practise dentistry in Trinidad and Tobago, then you were allowed to bring that under certain terms and conditions. I think both tools of trade and personal effects allowance are as much as \$100,000.

The third category, of course, is the motor car. We allowed motor vehicles to be brought in but we started by saying the vehicle has to be owned by you for at least six months—regardless of the age—before you left the country and that was to ensure that you did not arrive in Trinidad and Tobago with a brand new car for which you paid no taxes.

There are three taxes now applicable on cars: customs duties, value added tax and motor vehicle tax. On the question of customs duties and value added tax, it is a rate applied to value, so it does not matter. What we said, therefore, is that we would use the same rate and apply that same rate of customs duty and value added tax to used cars as well as to a brand new car. We have kept the rate consistent, the assumption being that the value would reflect the age—the fact that the car was used and not new.

When we came to motor vehicle tax, this tax was done on a per cc. You could not give a six-year-old car—that is, for a returning resident—the same rate of ccs for motor vehicle tax as a brand new car. So what I did, I worked up a scheme reducing that motor vehicle tax, so that if the car was one year old but less than two—forgive me if the numbers are not quite correct; I am trying to give the principle right—then you will pay, let's say, 90 per cent of the motor vehicle tax. When the car was more than two years old but less than three, you pay 75 per cent, *et cetera*. Therefore, you got a sliding scale benefit—if you want to call it

that—recognizing that the motor vehicle tax of a five-year-old car should really not be the same as for a one-year-old car.

5.50 p.m.

There was a person with a twenty-year-old car who applied to the Ministry. Realizing that the motor vehicle tax for a twenty-year-old car is over \$300,000, I felt sorry for the gentleman and turned down his application. The reason for that was that we wanted to discourage the importation of cars that are more than five years old and that is why the benefit was only applied to cars up to five years old, because after that it really does not make sense importing an older vehicle as there are no social benefits to be derived.

This measure was designed to discourage people from bringing very old cars into Trinidad and Tobago although the law allows returning residents to bring their used vehicles into this country. However, if your vehicle is older than five years you pay the same tax.

I want to explain the rationale behind the measures that we introduced to assist returning nationals to Trinidad and Tobago. We wanted to achieve two objectives. We wanted to enable them to enjoy some softer landing on their return, but more importantly we wanted them to be aware of their entitlement. To this end, I have instructed our foreign missions and embassies abroad to ensure returning nationals are aware of what the law is, so that there is no misunderstanding and criticism.

The Bill before us seeks to put into place exactly what I discussed earlier, in terms of new vehicle tax. Unfortunately, I do not have the full sympathy of Sen. Daly on this policy.

I think Sen. Beckles also raised the question of returning nationals and I hope I was able to explain it quite explicitly. Sen. Mannette talked about quarterly performance review and I would like to quickly explain what we have and what we did. When I presented the budget, I gave a *Medium Term Policy Framework* which is a three-year operating plan. This plan sets in place measures for things like interest rates—where we would like to see interest rates reach after three years along with exchange rates and inflation. However, that is a fairly long period and no one can really forecast three months much less three years given the dynamics of how economics have been changing in recent times. In addition to that, we do have a *Review of the Economy* that shows what happened in the last year which is an indication of what will take place in the ensuing years. Also, we have the Central Bank which is responsible for statistics.

I am negotiating with the Central Bank to see how we could co-ordinate some statistics. I realize that when statistics are put out by several agencies—the Ministry of Finance, the Central Statistical Office and the Central Bank—there are a number of problems with those statistics, as either the periods do not coincide or the actual numbers do not mesh. And I really want to find a way where the Government can speak with one voice, not that it is speaking with several voices. It is confusing when the periods covered by these statistics vary. We have the *Central Bank Quarterly Bulletin* as our guide for the time being but hopefully we are moving to the point where we will have one set of statistics using the same bases and data and arriving at the same answers.

I would want to use that as Government's quarterly performance review and I would also like to suggest that maybe, until we do, that we use the *Central Bank Quarterly and Monthly Economic Bulletins* as an official guide. This should give you an idea where our policies are taking us.

I have indicated, through the Central Bank, that the Government is committed to reducing the reserve requirements. We have already done it with interest rates and interest rates are beginning to come down.

I am not an economist but I always consider economics as “water-bed” economics, because every time something goes up something else goes down. So it is like if you are sleeping on a water bed, no matter where you are once you touch one thing the other is affected—when interest rates are reduced liquidity increases, then you have a challenge for your exchange rate which may increase. That is what I mean by “water-bed” economics. Perhaps, one day Sen. Prof. St. Cyr would give us the benefit of his expertise on this matter.

Sen. Prof. Spence: Would you explain why the interest rates for the Agricultural Development Bank remain constant?

Hon. B. Kuei Tung: I think it is the other way around. We are committed to reducing the Agricultural Development Bank's interest rates. What we found when we negotiated the agricultural sector loan was that it was not going to help the agricultural sector to be on par with the commercial sector so, as a result, we raised the Agricultural Development Bank rates in line with the commercial banks. However, if the commercial bank rates are reduced then the Agricultural Development Bank rates would also be reduced. It was not meant to stay up, on the contrary we brought it up because of the criticisms that it has been subsidized.

Again, as you know, trying to get agricultural products from other countries, if there is the perception that our products are being subsidized in any form, either by Government or otherwise, there would be complaints. Hopefully, the Agricultural Development Bank is not meant to charge high interest rates to penalize the agricultural sector.

In answer to Sen. Mannette's question relating to the increase in revenue of members' club, I want to state that there was no real increase in revenue, actually. Whereas before we were getting \$1,000. annually, the average now is \$30,000—\$40,000 per club. It is not one of the major revenue earners for us but certainly it is addressing one of the anomalies that existed in the system.

What the Government proposes to do this year is to re-introduce a limited approach to group relief. We have had no group relief for some time and in the past when you had group relief you were allowed to consolidate losses against profits. Since that ended there was no group relief, however, the Government intends to re-introduce it in stages.

6.00 p.m.

Sen. Mannette said that her dear uncle of 106 years has not received his pension. I am very surprised to hear that, because I have been assured that all the cheques went out on April 1—and this is no fooling—with the back-pay. She could either write the Ministry of Social Development or to me and I could locate it for him. But I have been assured that everyone got the same level of cheques. It is hardly likely that he would have received a lesser amount than anybody else, because once we put in the amount, everybody got the same amount, I am told. Therefore, I wish to give her the assurance it was done on April 1. I am told it was paid in advance, so for the first three months of the year pensioners would have received the old figure, but the April advanced payment, they would have received the new figure and this new figure will continue.

Prof. Kenny, I, too, am a little red-faced about the fact that the Government has now increased pensions to a point where the old age pension is higher than the NIS. The NIS has been, to my mind, a challenge of previous administrations and continues to be a challenge to us. I am hoping that we can correct the NIS situation once and for all. What NIS needs is an increase in contributions to get an increase in benefits. Given what has happened with NIS over the years where their asset-base has been eroded so badly, I do not think that there is anyone who would be willing to pay more now until they are assured that NIS has got its act together. I

have done a number of things. I have got a bill here that gives the NIS a little more power because part of the problem with the NIS is that in the legislation there is no authority to impose penalties and employers were not making their contributions by going out of business, and owing the NIS a lot of money. We should have an increase in the contribution, but I do not think it is fair to approve an increase now, unless the paying public is assured that NIS has got its act together.

There is a second approach we could also take. We want to introduce private sector involvement in NIS in a serious way, where the private sector can bring their administrative and management skills to bear. So we are looking at the possibility of having a joint venture with the private sector and the unions, where the three of us are going to end up being stakeholders in the NIS to ensure it is run properly. That would give the paying public the assurance that it is being run not just as a public enterprise, but as a private enterprise with a joint venture between government, labour and business.

We hope we could address that very soon. I am waiting on the actuarial review to be able to introduce this. But last year, as I said, our first step was to try to tighten up the legal framework within which this would work, and that is already being done. So we have seen some improvement in the administration since.

There was a time I was able to stand in this Senate and talk for hours about health insurance, but I do remember some basic principles that I retained from my days when I used to manage an insurance company. Health insurance is a challenge to all health carriers. Basically, health insurance is divided into two parts. There is what is known as a minor plan and a major medical plan. The minor plan covers routine doctor's visits and medicines. Up to age 65, both plans tend to be affordable, because most of the claims come in on the minor plan, which is a base plan. At age 65 and over, however, all claims are made on the major medical plan because, unfortunately, as the body gets older, one needs more major medical—what was it called, catastrophic?

The major medical plan includes hospitalization and one tends to find that after age 65, the risk of hospitalization is far greater; the risk of serious illness is far greater, and there comes a time when it is really not affordable for the average "john public". So the Government would have to find ways and means to subsidize insurance for people who are over age 65. But insurance companies really find it impractical to manage major health plans for people who are over age 65 because the premiums they have to charge would be so inordinately high that it does not become a commercial or feasible enterprise.

We would be looking at it. We are concerned, obviously, with the state of the health of our senior citizens and we would want to ensure that there are measures taken to bring some relief to our senior citizens.

Sen. Spence spoke last. I do hope he would understand the reasons for my having that Part II and I hope that he would rethink his appropriate amendment and allow us to put this in place. This is something that was announced in the budget; it was debated when the Appropriation Bill was brought to Parliament, and again with the Provisional Collection of Taxes Order. It is only a cleaner approach to tax. The only people who would benefit if we remove this Part II are the owners of the clubs, and really, I think they should pay a fair tax; that it really should not be a licence fee of \$1,000 for a whole year to operate with impunity, as it were. So I do hope he would rethink it and would support us in keeping this measure and allow us the opportunity to charge a tax on a business that is more fair, as I said, to both parties.

I want to make one other point. I know it did not come up during the actual debate but I would like to clear the air. Someone asked whether people at age 60 would be able to enjoy the exempt income status for the tax that is now being imposed on the foreign currency accounts. I would like to assure this honourable Senate that persons over age 60 are allowed the exemption for both taxes on domestic accounts as well as foreign currency. The Income Tax Act states that accounts held by resident individuals who have reached 60 years of age are exempt from tax. This is applicable to both domestic and foreign currency accounts.

In winding up, let me thank the technical people very much for the support they have given me. The Finance Bill is one which gave us a lot of trouble. We have worked long, hard hours and I would like, publicly, to thank them very much for the support they have given me. *[Desk thumping]*

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

PROCEDURAL MOTION

The Minister of Public Administration and Information (Sen. The Hon. Wade Mark): Mr. President, in accordance with Standing Order 9(8), I beg to move that the Senate continue to sit until the conclusion of the matter now before the Senate, as well as Motion No. 1, under "Government Business".

Question put and agreed to.

6.10 p.m.

FINANCE BILL

Question put and agreed to.

Bill accordingly read a second time.

Bill committed to a committee of the whole Senate.

Senate in Committee.

Clause 1 ordered to stand part of the Bill.

Clause 2.

Question proposed, That clause 2 stand part of the Bill.

Sen. Prof. Spence: Mr. Chairman, I beg to move that clause 2 be amended as follows:

“Delete clause 2 Part II and renumber subsequent clauses and parts.”

Mr. Chairman, I think we have heard it frequently said by politicians and others, that perception is reality. The problem I have with this is that the perception by the general public will be that we are putting the stamp of approval on this set of gambling activities. This, really, is my objection to the proposal.

I know that it may be the case that these clubs are operating these activities now, but what I would like to know, under the present legislation—I gather from what the Minister has said, that some devices are legal and some are not—how does one change the items that are legal or illegal? Is it just by a change in regulations or the schedule?

Sen. Kuei Tung: In this schedule?

Sen. Prof. Spence: Now that there is a law which allows some devices and not others, does that law, in the parent Act, state which devices are legal and which are not, or is there a schedule which lists some devices and not others? That is the question I am asking.

Sen. Kuei Tung: I think the law merely states that equipment which pay out winnings are banned. It does not specify what that equipment is.

Sen. Prof. Spence: So, the only illegal devices are one-arm bandits?

Sen. Kuei Tung: Well, there are other things that also pay out, I am told.

Sen. Prof. Spence: So, when you bring your law, perhaps, to legalize it, that is the only—

Sen. Kuei Tung: I do not know if that is the only one, but I am aware of that one.

Sen. Prof. Spence: Is it that these things are allowed in private clubs but not in public places?

Sen. Kuei Tung: No. Is it the same equipment that is referred to as the one-arm bandit, or this one?

Sen. Prof. Spence: These.

Sen. Kuei Tung: No, these are allowed. The police do not have any authority to seize these, apparently.

Sen. Prof. Spence: Whether it is a private club?

Sen. Kuei Tung: Whether it is a private club, unless they have—

Sen. Prof. Spence: It would seem to me that the other solution to the society is not to collect taxes on these but to look at that law, if it is just a matter of changing the schedule.

Sen. Kuei Tung: Well, if you are asking me whether the Government's policy is to outlaw these tables, that would be a different matter.

Sen. Prof. Spence: I know.

Sen. Kuei Tung: I am saying that these tables or clubs have been operating here legally for many years. If we wish we can make them illegal and say from here on, but that is a different matter. I cannot say that because I cannot pre-empt Cabinet in saying that —

Sen. Prof. Spence: I know that you cannot say that. I think that the whole concept against casinos, in my opinion, would include these devices as well.

Sen. Kuei Tung: Prof. Spence, if the people who are against casinos had lobbied to have these things, maybe we would not be hearing this argument because I would not have imposed a tax on something that is banned.

Sen. Prof. Spence: I think it is because there is not an understanding of the present situation...

Sen. Kuei Tung: I see.

Sen. Prof. Spence: ...because of that problem of perception. I would sum up my own in this way: I would not vote against the Bill, but I would not withdraw

this amendment. I would allow it to go through, but it would be down in the records. I would not undertake to vote against the money bill, but I am not withdrawing the amendment.

Sen. Kuei Tung: Okay.

Question put.

The committee divided: Ayes 7 Noes 15

AYES

Mohammed, Mrs. N.

Montano, D.

Beckles, Miss P.

Jagmohan, M.

Spence, Prof. J.

Teelucksingh, Rev. D.

St. Cyr, Dr. E.

NOES

Mark, Hon. W.

Kuei Tung, Hon. B.

Theodore, Hon. Brig. J

Baksh, Hon. S.

Phillips, Hon. Dr. D.

Cuffy-Dowlath, Mrs. C.

Tota-Maharaj, Mrs. V.

Hamel-Smith, P.

Gray-Burke, Rev. B.

Moore, N.

Baksh, N.

Gabriel, A.

Nancoo, D.

McKenzie, Dr. E.

Marshall, P.

Sen. Diana Mahabir-Wyatt abstained

Amendment negatived.

Clause 2 ordered to stand part of the Bill.

Clauses 3 to 11 ordered to stand part of the Bill.

6.20 p.m.

Clause 12.

Question proposed, That clause 12 stand part of the Bill.

Sen. Kuei Tung: Mr. Chairman, I beg to move the amendment as circulated:

Delete the words “(ii)” and substitute the words “(iia)”

Question put and agreed to.

Clause 12, as amended, ordered to stand part of the Bill.

Clause 13.

Question proposed, That clause 13, stand part of the Bill.

Sen. Prof. Spence: Mr. Chairman, may I ask what the significance of this clause would be? What powers would be given to the Minister?

Sen. Kuei Tung: Mr. Chairman, I will refer you to the Explanatory Notes at Part IV. This section gives the Minister powers to make regulations with respect to the housing of spirits. I guess this is a convenient approach. Apparently, there are no regulations now for the warehousing of spirits and this is trying to tidy it up at this time. It really has no tax implication as such. It is just that we are using the Finance Bill to provide the regulations.

Clause 13 ordered to stand part of the Bill.

Clauses 14 and 15.

Question proposed, That clauses 14 and 15 stand part of the Bill.

Sen. Kuei Tung: Mr. Chairman, I beg to move that clauses 14 and 15 be deleted.

Question put and agreed to.

Clauses 14 and 15 deleted.

Question put and agreed to, That the Bill, as amended, be reported to the Senate.

Senate resumed.

Bill reported, with amendments; read the third time and passed.

EXCISE DUTY (PETROLEUM PRODUCTS) ORDER

The Minister of Finance and Minister of Tourism (Sen. The Hon. Brian Kuei Tung): Mr. President, I beg to move, the following Motion standing in my name:

Whereas it is provided by subsection (2) of section 13 of the Excise (General Provisions) Act, Chap. 78:50 that the Minister may by Order impose any new excise duty or increase any excise duty and from the date of publication of the Order in the Gazette and until the expiry thereof the duties specified in the Order shall be payable in lieu of the duties payable prior thereto:

And Whereas it is provided by the said subsection that every Order issued under that subsection shall, after four days and within twenty-one days from the date of its first publication, be submitted to the Senate and House of Representatives and the Senate and House of Representatives may by Resolution confirm, amend or revoke such Order, and upon publication of the Resolution of the Senate and House of Representatives in the Gazette the Resolution shall have effect and the Order shall then expire:

And Whereas the Excise Duty (Petroleum Products) Order, 1997 was made under subsection (2) of section 13 of the Excise (General Provisions) Act, and first published in the Gazette on the 3rd day of February, 1997:

And Whereas it is expedient to confirm the said Order:

Be it Resolved that the Excise Duty (Petroleum Products) Order, 1997, be confirmed.

6.30 p.m.

With respect to the issue of the application of the orders relating to the imposition or increase in the excise duties on gasoline and diesel, I would refer to section 13(2) of the Excise (General Provisions) Act, Chap. 78:50. This prohibits the Minister of Finance and Minister of Tourism from imposing any excise duties or increasing any excise duty on articles manufactured in Trinidad and Tobago. These impositions or increases must be done by way of a legal instrument in order for a new excise duty to be effective.

When the Minister imposes a new excise duty or increases such a duty by way of order, it must, after four days and within 21 days from the date of the first application of the order be submitted to Parliament. Whereas the order is submitted to Parliament within the specified time, Parliament made a resolution to

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[HON. B. KUEI TUNG]

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confirm, amend or invoke the order and upon publication of the resolution of Parliament, the resolution shall take effect and the order shall be expired. Where however, the order is not submitted to Parliament for confirmation in the specified time of 21 days, the order shall expire and persons who paid an increased amount would be entitled to a refund.

The Excise Duty (Petroleum Products) Order, 1997 was published on February 3, 1997 and was submitted to Parliament on February 7, 1997 within the specified time.

I beg to move.

Question proposed.

Sen. Danny Montano: Mr. President, I do not want to waste anybody's time. It is late and we want to go home, but I do not understand what is happening here. I would be grateful if the Minister would explain. It seems to me that in the Bill with which we just dealt, there are two provisions that they tried to make retroactive to the beginning of January. It also dealt with compressed natural gas. This order seemed to come up before February and continuing. I think we on this side do not understand how this is supposed to work from the beginning of January and ongoing. We have a specific question as to how it relates to compressed natural gas. It is as simple as that.

I would be grateful if the Minister would make it clear to us and ensure that all the taxes which have been collected do not have to be refunded.

Thank you.

The Minister of Finance and Minister of Tourism (Sen. The Hon. Brian Kuei Tung): Mr. President, the matter before us is to confirm not compressed natural gas, but petroleum and gasoline. Under section 13 of the Excise (General Provisions) Act, the Minister of Finance and Minister of Tourism is permitted to impose new excise duty or to increase any excise duty.

This order was published on February 3 and within four days it was submitted to Parliament. The Act requires that having imposed excise duty on petroleum products which order was published on February 3, it had to be submitted within 21 days. This was done. I know that we are sitting here long after the 21 days have expired. We said that it had to be submitted and that Parliament would then decide whether it would be confirmed, amended or revoked, as the case may be.

A little difficulty was experienced between the period January 1 to the date that the Finance Bill came into effect, partly because an order was signed by the Minister of Energy and Energy and Industries, and rightly so, publishing the new prices of petroleum products which included compressed natural gas. Included in that was an increase in the necessary duty. Unfortunately, the corresponding order which should have been signed by the Minister of Finance and Minister of Tourism for the excise duty was not signed because of a misunderstanding between the Chief Parliamentary Counsel and the Ministry of Energy and Energy Industries.

Whilst a price that was higher and anticipated an excise duty had been charged and connected with National Petroleum, I am advised that there is no illegality about what the Minister of Energy and Energy Industries has done. One could argue in one's enthusiasm to impose the new excise duty that I announced in the budget, that he has gone ahead and has done it. On that basis I agreed to delete clauses 14 and 15 because they attempted to validate something that the Minister had ordered to be collected.

I assure this honourable Senate that no increased excise duty would have been collected between January 1 and the passing of the Finance Bill. The Finance Bill now gives the Minister the authority to impose the excise duty. This Motion was only to confirm a motion I had taken with respect to petroleum products. I had to go through with it. I hope that it is accepted.

I beg to move.

Resolved.

That the Excise Duty (Petroleum Products) Order, 1997 be confirmed.

ADJOURNMENT

The Minister of Public Administration and Information (Sen. The Hon. Wade Mark): Mr. President, before I move to have the Senate adjourned, may I take the opportunity to remind Senators of our agenda for next week. Due to the fact that we did not have Private Members' Day today, we have allocated May 6, 1997 to continue with the motion, Environmental Pollution. The Minister of Planning and Development would be here to respond.

I also indicate that next week we would continue with the Community Service Orders Bill and the Summary Courts (Amdt.) Bill. We would begin the Elections and Boundaries Commission Local Government (Amdt.) Bill, as well as the Motor

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Vehicles and Road Traffic (Amdt.) Bill. I am serving notice on the Senate that these four Bills are down for debate next Tuesday. If necessary we would have to fix another date the following week, so we would sit twice.

I beg to move that this Senate do now adjourn to Tuesday, April 29, 1997 at 1.30 p.m.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 6.40 p.m.