

*Leave of Absence*

*Tuesday, December 08, 1998*

**SENATE**

*Tuesday, December 08, 1998*

The Senate met at 1.30 p.m.

**PRAYERS**

[MR. PRESIDENT *in the Chair*]

**LEAVE OF ABSENCE**

**Mr. President:** Hon. Senators, leave of absence has been granted to the following Senators: Sen. Carol Cuffy-Dowlat from December 8—15 and to Sen. Sadiq Baksh from December 8—17.

**SENATORS' APPOINTMENT**

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

"THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency ARTHUR N. R. ROBINSON, T.C.,  
O.C.C., S.C., President and Commander-in-Chief  
of the Republic of Trinidad and Tobago.

\s\ Arthur N. R. Robinson

President.

To: MR. VINCENT CABRERA

WHEREAS Senator Carol Cuffy-Dowlat is incapable of performing her functions as a Senator by reason of her absence from Trinidad and Tobago:

NOW, THEREFORE, I, ARTHUR N. R. ROBINSON, President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, VINCENT CABRERA, to be temporarily a member of the Senate, with effect from December 08, 1998 and continuing during the absence from Trinidad and Tobago of the said Senator Carol Cuffy-Dowlat.

Given under my Hand and the Seal of the President  
of the Republic of Trinidad and Tobago at the  
Office of the President, St. Ann's, this 7th day of  
December, 1998."

*Senators' Appointment*  
[MR. PRESIDENT]

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"THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency ARTHUR N. R. ROBINSON, T.C.,  
O.C.C., S.C., President and Commander-in-  
Chief of the Republic of Trinidad and Tobago.

\s\ Arthur N. R. Robinson  
President.

To: MR. DAVE COWIE

WHEREAS Senator Sadiq Baksh is incapable of performing his functions as a Senator by reason of his absence from Trinidad and Tobago:

NOW, THEREFORE, I, ARTHUR N. R. ROBINSON, President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, DAVE COWIE, to be temporarily a member of the Senate, with effect from December 08, 1998 and continuing during the absence from Trinidad and Tobago of the said Senator Sadiq Baksh.

Given under my Hand and the Seal of the President of  
the Republic of Trinidad and Tobago at the  
Office of the President, St. Ann's, this 7th day of  
December, 1998."

**OATH OF ALLEGIANCE**

*Senators Vincent Cabrera and Dave Cowie took and subscribed the Oath of Allegiance as required by law.*

**FINANCE BILL**

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

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

*Question put and agreed to.*

**PAPERS LAID**

1. Report of the Auditor General of the Republic of Trinidad and Tobago on the accounts and financial statements of the Tobago Regional Health Authority for the period December 19, 1994 to December 31, 1995. [*The Minister of Finance (Sen. The Hon. Brian Kuei Tung)*]
2. Report of the Auditor General of the Republic of Trinidad and Tobago on the accounts of National Maintenance Training and Security Company Limited for the year ended December 31, 1997. [*Hon. B. Kuei Tung*]
3. Report of the Auditor General of the Republic of Trinidad and Tobago on the accounts of the San Fernando City Corporation for the year ended December 31, 1986. [*Hon. B. Kuei Tung*]
4. Report of the Auditor General of the Republic of Trinidad and Tobago on the accounts of the San Fernando City Corporation for the year ended December 31, 1987. [*Hon. B. Kuei Tung*]

**NATIONAL STEEL ORCHESTRA BILL**

Bill to establish the Trinidad and Tobago National Steel Orchestra and for matters incidental thereto [*The Minister of Culture and Gender Affairs*]; read the first time.

*Motion made*, That the next stage be taken at the next sitting of the Senate. [*Hon. W. Mark*]

*Question put and agreed to.*

**ARRANGEMENT OF BUSINESS**

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. President, I seek leave of the Senate to deal with "Bills Second Reading" at this stage of the proceedings instead of Motions.

*Agreed to.*

**FINANCE BILL**

**The Minister of Finance (Sen. The Hon. Brian Kuei Tung):** Mr. President, I rise to move,

That a Bill to provide for the imposition or variation of certain taxes and duties and to introduce other provisions of a fiscal nature and for related matters, be now read a second time.

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Mr. President, I had indicated in the other place on Friday last that the Bill which is before this Senate, contains among other things, measures outlined in the last two budget presentations which I had submitted to Parliament on December 12, 1997 and October 5, 1998 respectively. This latter budget presentation was consequent upon the change in the financial year of the Government from January 01 to October 01. Following upon the two budget presentations, two Provisional Collection of Taxes Orders were made by the President in 1997 and 1998. The 1997 Order came into effect on December 13, 1997. The 1998 Order sought to give effect to some of the measures contained in the budget presentation for the new financial year 1998/1999 and came into effect on October 5, 1998.

Mr. President, whilst this breaks with the usual tradition of presenting a Finance Bill to Parliament within four months after the commencement of the Provisional Collection of Taxes Order 1997, there are no real time constraints in bringing the current Bill at this point in time since no new taxes were imposed by the 1997 Order. It is nevertheless important to present this Bill at this time because several of the budgetary measures require legal effect to be given to them for the year of income 1998. This Bill will provide certainty for those who are involved in the preparation of tax returns for the year of income 1998. There is reason why I said "for those who are involved in the preparation".

Mr. President, I now take hon. Senators through the Bill clause by clause, and hope to provide further explanations than those given on the explanation to the Bill. Part I of the Bill describes the long title that provides for the imposition or variation of certain taxes and duties and to introduce other provisions of a fiscal nature and for related matters.

Part II of the Bill amends the Old Age Pensions Act, Chap. 32:02. Clause 2(a) increases old age pension from \$349.85 to \$449.85 per month, and this is with respect to the period January 01, 1998 until January 31, 1999. Together with the food subsidy of \$70.15, this would result in a total increase from \$420 to \$520 paid to old age pensioners. I must remind Members of this honourable Senate that this deals with the period January 01, 1998 to January 31, 1999.

Clause 2(b) and (c) would also amend the Old Age Pensions Act by increasing old age pension. In other words, the Finance Act actually has two increases for old age pension. One deals with the period January 01, 1998 to January 31, 1999, and another increase that will take place from February 01, 1999. Ultimately, by consolidating the old age pension and the food subsidy, one single increased

payment of \$620 will now be made to old age pensioners. One would note from clause 14 of the Bill that this measure would take effect, as I said, from February 01, 1999.

Mr. President, the revision of the old age pension is only one aspect of the pension reform package which is currently engaging the attention of the Government, and appropriate legislation will be presented soon to Parliament with respect to the pension reform exercise.

Part III of the Bill amends the Public Assistance Act, Chap. 32:03. The Public Assistance Act was amended in 1996 by, among other things, providing for a disability allowance. The qualification requirements for this allowance were structured along the same lines as the old age pension and catered for individuals who are physically or mentally challenged or visually or hearing impaired.

However, in administering the disability allowance, it has been found that the disability provision in the Act has been too wide and lends itself to abuse by unscrupulous members of the public. In fact, almost all the persons between the age of 45 and 65 years who are currently receiving public assistance are now coming forward with medical reports and applying for their allowance. That, as you know, Mr. President, was never the intention of Government. Government intended that persons who were totally and permanently disabled, mentally and physically, or who were vision and hearing impaired, would be entitled to this disability allowance.

Mr. President, if the legislation is not tightened we could end up with what I describe as runaway expenditure under this programme. The problem seems to be that the disability provision is totally dependent on the certification of a Government Medical Officer. What the amendment seeks to do, therefore, is to give the local Public Assistance Board the authority to determine whether an applicant is so disabled that he is unable to earn a living. It should be pointed out that the need for a medical report has not been dispensed with, since the applicant would still be required under the Public Assistance Disability Assistance Regulations 1997, to be certified by a Government Medical Officer as being permanently disabled and unable to earn a livelihood as a result of visual, mental, hearing or physical impairment.

Mr. President, I now turn to Part IV of the Bill. This seeks to amend the Students Revolving Loan Fund Act, Chap. 39:05, by transferring the management of the Students Revolving Loan Programme to private sector financial institutions. As

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I noted in my budget presentation for the financial year 1998/1999, post-secondary education is a major building block in the development of the requisite human resource.

In recognition of the difficulties encountered by many students in accessing adequate funding, the Government-run Students Revolving Loan Programme currently makes provision for the grant of concessionary financing for students to pursue specific areas of study. A parallel students loan programme guaranteed by the Government is managed and operated by the commercial banking sector and can be accessed to pursue any course of study. The rates of interest charged on these loans are considerably higher than that of the Government-run programme.

Under the proposal to transfer the management of the Students Revolving Loan Programme to financial institutions, loans to students will be limited to areas of study approved by the Minister of Education. These loans will not exceed the sum of \$100,000 per annum for a period of five years and Government will not only guarantee the loans but it will subsidize the rate of interest on these loans up to a maximum of 10 per cent.

Part V of the Bill amends the Motor Vehicle and Road Traffic Act, Chap. 48:50 by increasing the special registration fee payable on locally assembled foreign used motor vehicles. Mr. President, it seems passing strange that the only area of this Bill that seemed to have gotten some media attention is this particular section.

Mr. President, you will recall that in the presentation of the budget, I introduced a new scale of registration fees that spanned four different groupings. I started off with the first group being under 1800 cc motor vehicles and reached all the way up to exceeding 3000 cc. Government has considered the many representations that have been made and has reviewed the special registration structure in an attempt to alleviate some of the hardship which is experienced by the travelling public. What I sought to do, Mr. President, was to change four groupings into five. It meant that in order to introduce a lower grouping up to 1600 cc, I had to use the two groupings and make them into three. Changing those two groupings into three, which as I said is only to introduce one new grouping of under 1600 cc, seems to have indicated to the wider public that Government has changed its mind about these special registration fees. But, Mr. President, the media have a way with words.

**Sen. Mohammed:** Why are you attacking the media?

**Sen. The Hon. B. Kuei Tung:** I am not attacking anyone. I am making a statement of fact. The media seem to have a way with words, pretty much like politicians, maybe. The thing is, if I had done nothing I would get an editorial that says Government does not listen. If you do something they say you change your mind. It is a way with words, but I accept that. I live in the public domain and I expect that people who are not happy with what I do, for whatever their ulterior motive, would find some way to criticize. It is a national pastime—criticism.

**1.50 p.m.**

Mr. President, what I have now introduced are five groupings and, as I said, it meant changing two to three in order to make some sense out of the whole change. For the benefit of the Senate, I would indicate what this change is. Motor vehicles with engine size not exceeding 1,600 cc remain at \$20,000; motor vehicles with engine size between 1,600 cc and 2,000 cc—and that is under 2,000 cc, to be explicit—is \$30,000; motor vehicles with engine size exceeding 1,999 cc but not exceeding 2,499 cc is \$50,000 and motor vehicles with engine size exceeding 2,499 cc but not exceeding 2,999 cc remain at \$70,000 as well as motor vehicles with engine size exceeding 2,999 cc remain at \$90,000.

This will necessarily involve refunds to persons who paid the new fees on or after October 5, 1998, and applications will need to be made by the relevant persons.

**Sen. Prof. Spence:** Mr. President, I wonder if the hon. Minister can remind us of the changes that were made with respect to the fees that were put in the budget? It will be easier to see what the present changes are.

**Sen. The Hon. B. Kuei Tung:** Mr. President, in the budget I announced that motor vehicles with engine sizes under 1,800 cc were moved from \$20,000 to \$30,000 and then I introduced three new levels; those exceeding 1,799 cc but not exceeding 2,499 cc were \$50,000; exceeding 2,499 cc but not exceeding 2,999 cc were \$70,000 and in excess of 2,999 cc were \$90,000.

As I was saying, Mr. President, applications would need to be made by the relevant persons for refund of the fees to the President pursuant to the Motor Vehicles and Road Traffic Act, Chap. 48:50.

Mr. President, I now move on to Part VI of the Bill which seeks to amend the Income Tax Act, Chap. 75:01. Many of these clauses seek to do a number of things, one of which is to increase income tax administration—some of the

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penalties under the present laws—merely because in many cases we have found that the fines have become somewhat low and really are of very little consequence. In the first case, clause 6(a), the rate of business levied on the gross receipts of sales of a business is to be reduced from the current rate of 0.33 per cent to 0.25 per cent.

One of the new areas that I have introduced in the budget, Mr. President, is that this clause will also exempt a business from the payment of business levy for the first three years following its registration, and raises its threshold for the business levy from \$150,000 to \$200,000. This recognizes that a new business—it does not matter what size its gross turnover may be—really should not be taxed in the true sense. I, myself, continue to subscribe to the policy that you should tax profits and not gross turnover. Given what has happened in our own history, we have found that many businesses, after several years, continue to rack up what might be regarded or have been described as tax losses, but they grow from strength to strength, thereby denying the Government of some of its revenue because it has been able to continue to run up losses and not make profits. What this clause, therefore, recognizes is that a new business may need some time to be able to establish some trend. If after three years you still have not been able to get into profit, I think the business levy should then be applied.

Clause 6(b)(i) exempts from tax, interest income on loan—

**Sen. Prof. Spence:** I apologize, Mr. President, for interrupting again, but is it the case that all businesses have to be registered? If you have a business which is not a company, does that mean the business levy does not apply? It says “after

**Sen. The Hon. B. Kuei Tung:** This section was intended to deal with new businesses not existing businesses. One would assume that existing businesses would have already registered or fall outside of the threshold.

**Sen. Prof. Spence:** Does every business have to register?

**Sen. The Hon. B. Kuei Tung:** If it falls within the threshold then they will not be required to register, but it can register as an option, because there are some smaller businesses that feel they are put in a worse position by not being registered. We debated this question in the other place last week Friday, that registration is at the option of the owners of the business.

Mr. President, clause 6(b)(i) exempts from tax, interest income on loans made by financial institutions to fund projects within the small business sector under the Small Business Development Company Limited regime. This amendment would provide an incentive to the small business sector which can contribute significantly to the development of the economy. In this context it is proposed that Government implement an Enterprise Development Support Programme which is designed to develop, harness and increase the level and quality of entrepreneurship in Trinidad and Tobago. This programme will target young persons between the ages of 18 and 35 years who have completed a business plan, have the necessary educational training and experience in the proposed business venture and are willing to work with a mentor.

Clause 6(b)(ii) seeks to exempt from tax, interest payments on bond issues by the Trinidad and Tobago Mortgage Finance Company Limited for the purpose of providing loans to first-time home owners.

Clause 6(b)(iii) exempts from tax the lump sum death benefits paid through a pension plan. Mr. President, you will note that it is a common practice for employers to provide employees with life insurance benefits. These benefits are usually twice the annual salary at death and is provided in one of two ways; either through a group life assurance policy or through the employers' pension plan. The pension plan will often re-ensure the benefit by taking out a group life policy itself. The income benefits derived from these provisions are actually taxed differently. In the case where the benefit is paid directly by a group life policy, the benefit is tax free. However, if it is paid through a pension plan, the benefit becomes subject to the payment of tax. Therefore, this proposed amendment to section 8(1)(x) of the Income Tax Act, would allow the lump sum death benefit paid through a pension plan to be tax free. This measure would take effect from January 1, 1998.

Clause 6(c)(i) and (ii) of the Bill, a deduction under section 10(4) of the Income Tax Act will be allowable in respect to reasonable expenses incurred for tertiary education at institutions approved by the Ministry of Education. The aggregate amount of this deduction, together with the existing deduction in respect of mortgage interest payments, shall not exceed \$18,000 and is available only to the taxpayer and the taxpayer's children.

Clause 6(c)(iii) would amend section 10(5)(a) of the Income Tax Act so as to allow the mortgage interest paid on owner-occupied property as a tax deduction provided the appropriate land and building taxes are paid without any restrictions as to the year of payment.

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You will recall, Mr. President, in 1994 an amendment was made to the Income Tax Act whereby a claim for mortgage interest paid on owner-occupied properties would not have been allowed as a deduction unless the land and building taxes on the property had been paid in the year of income. This measure, passed in 1994, resulted in rather harsh penalties for the taxpayer who had not paid his land and building taxes on time. That was for any reason whatsoever.

Under the Land and Building Taxes Act a person is actually liable to pay a 10 per cent penalty as well as interest of 15 per cent on the arrears of land and building taxes. These, you will agree, were already stiff penalties. However, although the taxpayer may have paid these penalties he will not be allowed the benefit of the residential mortgage interest as a deduction in a particular year of income where he had failed to pay in the year the relevant taxes payable under the Land and Building Taxes Act or the Municipal Corporations Act.

**2.00 p.m.**

In such a case his liability to tax would be increased because of the disallowance for claim on mortgage interest relief. To address this irregularity in the system, I propose to allow the mortgage interest as a deduction for tax purposes provided under the Land and Building Taxes Act and the Municipal Corporations Act to be paid at the time that a claim is made for a deduction in respect of the mortgage interest.

Similar provisions exist in the Corporation Tax Act in respect of claims that may be made by a company for deductions of wear and tear. As with residential mortgage interest claims, no deduction is currently allowed unless the company has paid in a particular year the relevant taxes under the Land and Building Taxes Act and the Municipal Corporations Act. It is therefore proposed to make a similar amendment to the Corporation Tax Act.

Mr. President, clause 6(c)(iv) of the Bill would amend the Income Tax Act by delinking mortgage interest tax deduction from tax deductions in respect of pension fund, deferred annuity and national insurance contributions.

Clause 6(d) of the Bill provides for the allowance of a deduction of up to 150 per cent of the expenses reasonably incurred by businesses in the training and retraining of their employees. This measure is in recognition of the need to continuously upgrade our human resource skills so as to ensure that businesses remain competitive and continue to grow and develop. This measure is to take effect from January 1, 1999.

Clause 6(e) and (f) seeks to amend section 11 and 11A of the Income Tax Act to ensure the proper operation of the system whereby assets are pooled for the purpose of calculating the rate of depreciation of certain assets. The concept of pooling was introduced by section 11A of the Income Tax Act whereby assets acquired after January 1, 1995 are pooled into classes specified in the Eighth Schedule to that Act. Assets which were acquired prior to January 1, 1995 are however not admitted into the pool, and are currently being written down in a manner which existed before the introduction of the pooling system. But, under the pooling system the wear and tear rate applicable to items in a particular class of assets, is applied against the aggregate expenditure incurred in acquiring assets of that class. It is intended that assets would lose their identities once pooled and wear and tear would be completed on the written-down balance of each pool at the end of the year of income. However, certain provisions in the existing legislation militate against the operation of the pooling system and it is proposed to remedy this situation by restructuring the relevant provisions of the Income Tax Act to give recognition to the pooling system. As a result of the proposed amendments to the Income Tax Act to give recognition, the balancing charge or allowance provisions contained in section 11 of the Income Tax Act will need to be revised so as to defer the recognition of a balancing charge or allowance until the entire classes or pools had been written down. These measures will take effect from January 1, 1998.

Clause 6(g), (h) and (i) together with clause 6(c)(iv) would delink the mortgage interest tax deductions from deductions in respect of pension fund, deferred annuity and national insurance contributions. In clause 6(j), both publicly quoted companies and private companies would be permitted to establish ESOP or Employees Stock Ownership Plans. In addition to being a very attractive savings instrument, ESOPs can be used to strengthen employees' ownership in the production process. They certainly aid in helping morale. The present law governing ESOPs has proven to be inadequate in its application to a liberalized economy. To make these plans more transparent, attractive, and investment friendly to employees as well as to employers, it is proposed to introduce new legislation.

The proposed legislation will allow another method of funding to enable the trustees of an ESOP to borrow funds to finance the purchase of shares in a company. Furthermore, the interest of such borrowed funds may be fully claimed as a tax deduction in the hands of the employees/members. As an interim measure before the enactment of this new legislation, I am proposing to amend the Income

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Tax Act to clarify the point that both publicly-quoted and privately-quoted companies will be accorded similar treatment with respect to the establishment of ESOPs.

Mr. President, you will recall in the 1997 Budget Statement I announced the withdrawal of claims for deduction by individuals with respect to deeds of covenant made in favour of charities and sporting bodies, but corporate citizens will continue to enjoy this claim. However, through a drafting error the sections of the Income Tax Act dealing with deeds of covenant in excess of one year were not deleted. Clause 6(k), (l) and (m) seeks to give effect to the necessary deletions.

Clause 6(n) of the Bill provides for the increase of the income threshold for the filing of tax returns from the existing \$12,000.00 to \$50,000.00. This proposal relates only to persons whose sole source of income is from office or employment. It must be emphasized that this measure will not exempt those taxpayers whose total income falls below the \$50,000.00 threshold from actually paying taxes.

Of course, those taxpayers who expect to receive a refund of taxes will still be able to file their returns in order to obtain these refunds. But the onus will now be placed entirely on the employer to ensure that his employees' PAYE payments are correctly deducted and remitted promptly to the Board of Inland Revenue.

By clause 6(o) to (z), various amendments are made to the Income Tax Act with a view to strengthening compliance with taxing provisions and ensuring a more efficient collection of taxes. Clause 6(o) seeks to amend section 82 of the Income Tax Act to make it clear—and I will be skimming through some of these, but I think this one is fairly important for me to dwell a bit at length on.

Clause 6(o) seeks to amend section 82 of the Income Tax Act to make it clear that a trustee in bankruptcy will be required to submit full details of his assets and his property to the Board of Inland Revenue before any property under his control is distributed. Under section 82(2) of the Income Tax Act every assignee, liquidator, administrator, executor and "other like persons" is required to obtain a certificate from the Board of Inland Revenue before distributing any property under his control. The certificate of the board will certify there are no taxes outstanding by a company in liquidation or the estate of a deceased taxpayer. Failure to obtain the board's certificate before distributing the property will render the person distributing the property liable for the outstanding taxes. This is the law as it presently stands. However, section 82(2) does not expressly apply to a trustee in bankruptcy and there has been some dispute as to whether that trustee will be

considered as another like person under this section. So that clause 6(o) seeks to remove any doubt as to whether the section in fact applies to the trustee in bankruptcy by specifically referring to that person in section 82(2).

The proposals in clause 6(p), (r) and (u) of the Bill seek to enhance the collection of taxes by the Board of Inland Revenue by allowing the board to make assessments within six years of the year of income or three years from the date of the tax return, whichever is the later period.

Mr. President, the Income Tax Act provides for the Board of Inland Revenue to make assessments in respect of a particular year within six years after the income year. Some taxpayers actually file their return on December 31st of the sixth year thereby preventing the Board of Inland Revenue from being able to act on information contained in that tax return or raise an additional assessment because the period has just run out. What I propose to do therefore, in order to eliminate this abuse and to plug the loophole, is to amend sections 83, 89 and 116 of the Income Tax Act. Under this, the Board of Inland Revenue will now have three years from the date on which he files his return to deal with the income tax return even though he may have attempted to file his return on the very last day of his six-year statute of limitation.

Under the Income Tax Act, a person may object to assessments made by the Board of Inland Revenue. As a result of a recent judgment of the Tax Appeal Board, the Board of Inland Revenue is not permitted at the objection stage to vary any assessment upwards by relying on any new issue which may have arisen as a result of information obtained by the board during its determination of an objection.

**2.10 p.m.**

Let me see if I can repeat that, Mr. President. If, whilst the Board of Inland Revenue has made an assessment on a person and the person objects; he goes to the Tax Appeal Board, and while he is there, as a result of the Tax Appeal Board's deliberations, new information comes to hand that causes the Board of Inland Revenue to say: "Ah ha, I have some more tax to collect". The Tax Appeal Board would say, "No, no, you cannot use that information". Now, it seems unfair that the information was not provided by the taxpayer at the time of filing his return. However, the information now comes to light but the Board of Inland Revenue is being denied the use of that information, based upon the ruling of the Tax Appeal Board, to make a further assessment. I propose, therefore, to correct this by clause 6(q) that seeks to amend section 86 of the Income Tax Act. As I said, Mr.

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President, many of these are what I consider to be clean-up changes that are required by the Board of Inland Revenue to make them a little more efficient.

**Sen. Dr. Mc Kenzie:** Mr. President, could the Minister say if it would be the same if the assessment were lower?

**Sen. The Hon. B. Kuei Tung:** Of course.

**Sen. Dr. Mc Kenzie:** Because you only have, "may raise."

**Sen. The Hon. B. Kuei Tung:** That is precisely the point. It is moving against the Board of Inland Revenue, because if it were lower, the person could claim. The Tax Appeal Board would hold that it should be lower, so that it was only working in one direction for the Board of Inland Revenue. I am trying to level the playing field.

Mr. President, section 99(5) of the Income Tax Act provides that PAYE payments deducted by employers from the emoluments of employees are deemed to be held in trust for the state. No one would have expected that such moneys would not have been subject to attachment in the event of liquidation or bankruptcy of the business. However, some companies, in receivership, have claimed that for the provisions to apply the PAYE moneys would have had to be kept separate from other moneys of the business and be traceable.

Having regard to the fact that PAYE are moneys due to the state and do not belong to the employer, clause 6(t) seeks to amend section 99(5) of the Income Tax Act to clearly state that PAYE deductions are held in trust for the state, whether or not those amounts have been kept separate and apart from the employer's other moneys.

In order to encourage compliance with the tax laws, it is proposed to increase the amount of fines associated with offences under the Income Tax Act. The existing fines have been on the law books for many years and do not seem to be acting as a deterrent to taxpayers anymore. For example, offences for tax fraud are dealt with by section 119 of the Income Tax Act and clause 6(w) would increase the fine for such offences from \$8,000 to \$50,000.

You will forgive me, Mr. President, but I prefer, at this point, not to belabour some of these points. If there is anything raised during the debate, I would be happy to deal with it.

Clause 6(aa) is quite a different topic, Mr. President. The rate of depreciation on computers would increase from 10 per cent to 25 per cent. This increase in the depreciation rate on computers recognizes the rapid changes in information technology, where it is a widely held view that the maximum useful life of a computer is four years.

Clause 6(bb) of the Bill deals with an employer who receives an employment allowance in respect of the employee and who cannot also claim the wages or salary paid to that employee as an expense incurred in the production of income. Again, the law, as changed, was not specific and employers assumed that they could claim the wages being paid to the employee as well as the employment allowance. The intent was that you can make a claim for an employment allowance of 200 per cent as opposed to claiming the wages. Employers have actually been trying to claim 300 per cent, which was not intended.

PART VII of the Bill amends the Corporation Tax Act, Chap 75:02. Mr. President, many of these sections that exist in the Income Tax Act also reside in the Corporation Tax Act with respect to corporations. PART VII addresses all the changes that I have just enunciated with respect to the Income Tax Act. But where the Corporation Tax Act is so affected—for argument sake, clause 7(a) addresses the business levy that is now reduced from 0.33 per cent to 0.25 per cent.

PART VIII of the Bill amends the Stamp Duty Act, Chap. 76:01. In an effort to strengthen the compliance and enforcement capabilities under this Act, it is proposed to increase the penalties related to offences under the Act. It is proposed by clause 8(c), (e) and (f) that the \$1,000 fine provided for in section 80, 82, and 85 of the Stamp Duty Act be increased to \$15,000.

Clause 8(d) seeks to increase the fine for defacing stamps under section 81 of the Stamp Duty Act from “one hundred dollars” to “three thousand dollars”.

With regard to the proposal stated in clause 8(a) of the Bill, this Senate will know that transactions involving the conveyance on sale of residential properties, valued at an amount not exceeding \$300,000 are exempt from payment of stamp duty. But there is no penalty to prevent the person from purchasing a residential property and obtaining the benefit of the exemption and reduced rates and thereafter converting the property to commercial use the very next day.

It is proposed, therefore, that where residential properties are converted for commercial use within one year of conveyance on sale, such property should be charged stamp duty at the full rate applicable to commercial properties. The onus will be on the purchaser to inform the Board of Inland Revenue of any alteration in

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the use of the residential property for commercial use. Failure to notify the board of such a change would render the purchaser liable to a fine of \$15,000.

PART IX of the Bill relates to amendments to the Miscellaneous Taxes Act, Chap. 77:01. Clause 9(a) amends the Act to allow the Board of Inland Revenue to inspect the books and records of financial institutions to ensure that the correct taxes are paid in respect of financial services income. Clause 9(b) to (f) would amend the Act to allow the Ministry of Local Government to have direct access to the Road Improvement Fund in respect of the maintenance of roads under its purview.

The allocation out of moneys in the Road Improvement Fund should, however, be up to a limit of 50 per cent and not a straight 50 per cent of the amounts in the fund.

PART X of the Bill would amend the Customs Act, Chap. 78:01 by clause 10(a) of the Bill. The rate of exchange that would have been used in the valuation of imported goods, shall now be the rate on the day the goods were placed on board the first aircraft or ship for export to Trinidad and Tobago. In other words, instead of using the rate when the goods arrived in the country, one is now using the date on which the goods had left the country of export for Trinidad and Tobago. As soon as it is put on an aircraft or ship, that date would be used, and this is done in order to facilitate the Customs Department.

What happens is that in many cases, customs would have liked to have been able to clear goods earlier and start processing the work, but because their rate of exchange is dependent upon when the goods arrived in the country, one really could not start processing the clearance of the goods until the goods have arrived. What we are seeking to do here is to make customs a little more efficient by allowing them to use a date, and whilst there might have been a slight change in the exchange, I do not think it was enough to justify having customs wait until the goods arrived here. We could use the date on which they were put on a ship or aircraft, as the case may be.

**2.20 p.m.**

Clause 10(b) amends section 145(4) of the Customs Act to allow for the importation of vehicles specially constructed for use by disabled persons and acquired through purchase or gift. Previously such vehicles could only have been imported if they were as a result of a gift.

Clause 10(c) proposes that the rate of duty on imported beer be reduced from \$4.50 to \$4.00 per litre—just in time for Christmas. Clause 10(c)(ii) and (iii) would reduce to nil, the customs duty on computer diskettes. Clause 10(c)(iv)—(xi) would impose new rates of customs duty on fully assembled motor vehicles. These are for new motor vehicles. Clause 10(d) would allow machinery, equipment and materials used for the manufacture or generation of electricity to be added to the list of conditional duty exemptions at the Third Schedule of the Act.

Part XI of the Bill amends the Insurance Act, Chap. 84:01 to allow the local insurance industry to market currency denominated insurance products.

Part XII of the Bill amends the Value Added Tax Act. The major item under this, Mr. President, is the fact that we have amended the Value Added Tax Act to provide that the supply of international travel or international package tours is regarded as taking place in Trinidad and Tobago if the journey also originates in Trinidad and Tobago or Trinidad and Tobago is the place of issue of the ticket for travel. This is to, again, plug a loophole that has existed where unscrupulous travel agents have been booking tickets and claiming they are being paid for overseas. This particular loophole is being aggravated by the fact that we now have a free foreign exchange situation, so people are able to access this and deny the Government the revenue. So many of the tickets that have been bought and paid for and originate in Trinidad and Tobago have not attracted the Value Added Tax that was originally intended.

Mr. President, Part XIII of the Bill amends the University Students Guarantee Fund Act. These amendments are consequent on the management of the Students Revolving Loan Fund.

Part XIV of the Bill merely sets out the commencement dates of the various clauses of the Bill. This is a very tidy approach so that we will know when each measure comes into effect, particularly because there are various dates at which these come into effect.

Mr. President, I hope I have been able to give some idea as to the rather lengthy Bill we have before us. It is not very long but it certainly covers quite a range of items. I look forward very much to the support of the Senate in this Bill.

I beg to move, therefore, that a Bill entitled an Act to provide for the imposition or variation of certain taxes and duties for the incorporation of the amendments made by the Provisional Collection of Taxes Order, 1997 and 1998, and to introduce other provisions of a specific nature and related matters, be now read a second time.

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*Question proposed.*

**Sen. Danny Montano:** Mr. President, hon. Senators would know that most of the matters the Minister has mentioned in his presentation have really been enunciated in the budget contributions he gave earlier this year and December of last year. Therefore, to a large extent, many of the measures that the Minister enunciated have already been debated both in this place and in the other place but there are still a number of matters that warrant a second look, and certainly there are a couple issues that I, with the constraints of time on the last occasion, did not have a chance to fully ventilate. It is those issues that I would like to specifically address as well as some of the anomalies I see in the legislation here.

The first thing, Mr. President, is this: in the formulation of a budget, the Minister of Finance is not only articulating his budget and the fiscal measures, he is also articulating the policies of his administration—or he should be—*viz-a-viz* the collection of revenues and the expenditure of funds. Therefore, the issue of policy and the consistent application of the policy and the consistency of policy are of paramount importance in the administration of any government. I am fortunate to be in the private sector and if there is one thing that my clients keep telling me in the planning of their own business affairs, the one thing that they absolutely depend on, is the consistent application of policy and the consistency of that policy.

Mr. President, we have had more than one occasion when this Administration has had to reverse itself within weeks of enunciating a particular plan or policy. In this matter, the Minister raised the fact that the only item that drew the attention of the media was the issue of the lowering of taxes on foreign used motor cars, as if somehow that is an aberration and should not draw attention. But, in fact, the media is doing its work and doing it quite properly because it is a complete reversal of the stand taken in the budget. It creates doubt in the minds of the private sector and the minds of the businessmen in the private sector when they cannot depend on the enunciated policies of the Government of the day. While nothing insofar as the taxation of motor cars was specifically enunciated as a policy, those of us who were listening to the statements of the Minister and his colleagues could certainly draw the inference that what they were, in fact, enunciating was policy.

Mr. President, with your permission, I would like to read from the contribution of Sen. The Hon. Sadiq Baksh, the Minister of Works and Transport. This is what he said in this place:

“While foreign used vehicles are being imported...persons who purchased new vehicles are seeing them depreciate in value much faster than they anticipated. For example, a \$350,000 vehicle originally purchased new, would now sell for around \$120,000 three years later. The vehicle would have attracted approximately \$165,000 in Government taxes when first licensed...”

He went on to say:

“We can well understand the problem.

The same situation would apply to a \$200,000 new vehicle, which would have attracted approximately \$60,000 in Government taxes, as compared with a \$30,000 registration fee.”

The inference from that is that it was somehow obviously going to be unfair, that there was an imbalance in that the importation of foreign used motor cars had a preferential tax rate to the detriment of the imported new motor car whose resale value had fallen tremendously. And, therefore, the logical inference is that part of Government's policy then was to support the resale value of new motor cars.

Talking about the number of motor cars that had been registered on the roads in 1998, the Minister said:

“This means that in 1998 alone as a small island we experienced new registration of vehicles in the vicinity of 20,000. Already there are major complaints about traffic jams and congestion, and at this time we must institute measures in order to restrict the number of additional vehicles both new and used.”

Mr. President, what the Minister has just done is that he has enunciated the measure to reduce the previously stated special registration tax on motor cars below the 2000 cc level. We all know that that range of vehicle between, say 1200—2000 cc is by far the bulk of motor cars in this country and, therefore, we know that is where the tax break has come. And, therefore, the impact of rolling back the taxes to the previous level is to create the same situation that existed before. But here we had, not only the Minister of Finance but the Minister of Works and Transport seemingly articulating a policy indicating that there is congestion on the roads and the resale value of new cars has fallen and, therefore, they wanted to correct that. Because of pressures from that sector they have done a complete reversal.

Mr. President, it is not the issue of the reversal; it is not the fact of the amount of the tax we are talking about, it is the *vaille que vaille* changing backwards and

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forwards. The Minister articulates a policy and six weeks later changes it and goes completely backwards. Nobody knows what is taking place.

There is a situation with the allowance on pensions which the measure has reinstated in this particular piece of legislation, where the Minister removed the deduction for pension and annuity contributions—I think it was in 1996—and he has put it back. I have already spoken on that, but the point of the matter is the Minister is going backward and forward and there is no clear policy or direction.

Mr. President, that is what is the problem here. The Government must articulate a policy but the thing is, what it tells us or what it tells the wider community is that there really is no plan, and furthermore, it really does not understand the consequences of what it is doing. Therefore, Government comes up with *ad hoc* decisions to simply satisfy a particular lobby. Mr. President, that is not the way a country is run. Unfortunately, we are left here to pay the consequences of Government's—what I would call a “Kuei Tung Tango”, with all due respect to the Minister. It is a backward and forward, step forward and step backward.

Mr. President, there is another problem with the raising of the taxes. In this regard I am referring now to the raising of taxes on new motor cars. In terms of what is likely to happen in the country, what the Minister had articulated in his budget speech was that the raising of the taxes on duties on new motor cars was in order not only to reduce the congestion and so forth, but to balance the thing and level the playing field—a term the Minister likes very much. Of course, now he has completely dug out a cavern for the imported used cars whilst he has left the taxes of the new ones at the level to which it was adjusted in the budget.

One of the things the Minister also mentioned as I recall, was that, of course, it was going to protect foreign exchange. In his budget speech, the Minister spoke a bit about foreign exchange on one of the rare occasions he mentioned foreign exchange, and he was talking about the rate of growth in the country.

Mr. President, with your permission, you will understand that what is happening in the global market-place has a very direct impact on what happens to our little country right here. While the Minister boasted that the rate of growth in the country this year, 1998, would be 5 per cent, I would like to read a small excerpt from the November issue of the *Latin America Monitor* which says:

“The tightening of fiscal policy in the 1998/99 budget will counteract the continuing strong growth in project-related construction and heavy industry, leading to average growth of 2—3 % this year and next.”

That is the likely outcome.

Mr. President, the point I am making here is this: given that the price of oil just fell momentarily yesterday below \$10 a barrel and the indications are, depending on where you read them, they could fall as low as \$5 although I find that way below the actual cost of production. But the information is, notwithstanding everything that the Organisation of Petroleum Exporting Countries (OPEC) is doing, Venezuela and Iran are pumping more oil and their daily output has actually increased by 274,000 barrels a day. Therefore, we can expect a further decline in the price of oil.

That has a very significant impact on our economy and, of course, it has a very significant impact on the availability and the price of foreign exchange. The measure that the Minister has articulated for new cars is very significant in two ways. The first way, of course, is the fact that in one scoop when he was articulating his budget measures he said he was going to raise the taxes on both new and used cars up to a particular level, but he has brought down the taxes on the used cars and left the tax on the new cars up at that level. That is a bit of an anomaly. The Minister has given no explanation why he has left that kind of imbalance.

But, Mr. President, it is important. The fact that the Minister raised the taxes is very significant because the Minister well knows the kind of moral suasion that a country like ours receives from the international lending agencies such as the International Monetary Fund and the World Bank. The Minister articulated—much to my protests when he had originally enunciated last year the eventual removal of the export allowance, because of the World Trade Agreement, General Agreement on Trade and Tariffs (GATT) and so forth, and I suppose also the IMF and the World Bank—that we had to comply with the international norms, standards and practices and we had to remove that kind of preferential trading measure for our local companies.

One of the things we had to go through a number of years ago that has led up to the floating of the currency and the opening up of the market-place, has been the World Trade Agreement and the General Agreement on Trade and Tariffs, and the fact that there is the intention to try to equalize taxes and import duties on a global basis so that no particular country has any particular trading advantage. What has been happening as you well know, Sir, is that we have removed purchase tax on imports; we have removed most of the stamp duties on imports and import duties have come down to certain predetermined levels. We all know that we were

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given certain time-frames within which the rates of duty on specific items would come down to a specific level. I am not *au courant* with exactly what rates apply to what items that must be imported, but the point is this: the Minister decided that in order to protect foreign exchange—that was the reason he gave in his budget speech—he has raised the rates of duty on motor cars.

Mr. President, I am a fervent nationalist. I think in terms of Trinidad and Tobago first—not second, but first—and anybody who comes into my country, I make no apologies for the fact that we have the absolute right to determine our own future and we must decide for ourselves what is in our best interest. The point I am coming to is this, Sir: we have to protect our exchange rate. We have to protect that. I would ask the Minister to explain and tell us what his views are and what he is prepared to do in order to protect the exchange rate because the exchange rate has a direct impact on poverty. That is the point.

**2.40 p.m.**

We cannot be so reckless that simply because a lending agency tells us that we must do so, we must do so. We have a sovereign right to do as we please and I would point out to members of the Chamber that the so-called whiz kids from the International Monetary Fund—those bright young MBAs from Harvard and Cornell and so forth—are now rueing the day. There is a gnashing of teeth and a rending of garments going on in Washington over the mess that they have created in the Far East—those same whiz kids. Mr. President, we must not allow that to happen in this country. [*Desk thumping*]

We have to protect our borders from the rapists and the vagabonds that exist out there, and we know well that there are vagabonds amongst us here; we know that deals have been struck and we know what the costs are going to be to us; and yes, I would refer to them as vagabonds and scoundrels and anybody who does business with them is also a vagabond and a scoundrel.

I move on to some of the specific measures to which the Minister referred. I draw his attention first to clause 6(bb) where he talked about the employment allowance and then clause 7(f).

Mr. President, as the Minister articulated, it became necessary that the effect of a previous measure which was in the Finance Act of 1997 was an amendment to the Eighth Schedule, where the employment allowance was first granted. With your permission, I read what that said:

“An employment allowance of 200 per cent of the salary or wages actually paid to each additional worker, shall be granted...”

The rest of it is not important. That is how it was worded. When the Minister enunciated his measure in his budget speech, my interpretation of what he said was that the allowance was really 100 per cent over and above what was the expenditure. When the legislation was written, it was very clear; the legislation is crystal clear that the allowance is 200 per cent. I do not care whether the Board of Inland Revenue likes it or not, but salaries and wages are fully deductible under section 10 of the Income Tax Act and, according to this, an additional allowance of 200 per cent is fully allowable. If he wants to come now to limit it, that is fine. I understand, if that is what was his intention and I have no difficulty with that.

But I draw attention now to clause 7(f) where section 10D of the Corporation Tax Act is now amended. Clause 7(f) says in part:

“In computing for the purposes of corporation tax the profits of a company for a year of income, there shall be allowed expenses reasonably incurred in the training and retraining of the employees of the company up to one hundred and fifty percent of such expenditure.”

The way that I read that is that we are getting another allowance of 150 per cent and I would like to have that clarified so we are not back here next year talking about another clarification clause. It seems to me that is a bit of an anomaly.

The other was, I wondered why it was that this allowance is restricted to companies. I am in a profession where the bulk of my employees are, in fact, students. They are at varying levels of the ACCA or similar programmes, and I go through great expense to fund their study leave and to assist them with their examination expenditure and so forth, but I am not a corporation, so it means that I will lose the benefit of this and all the accounting firms will lose the benefit of that because we are not corporations. It does not seem to make sense. Why are corporations being favoured and not businesses generally?

I draw attention to clause 6(q) where the Minister talked about the new information that could be made available at the appeal stage of a particular examination. Now, what the Minister was saying was that if new information comes to light, the Board of Inland Revenue could make an additional assessment on a taxpayer and, as a result of some other comment made, he said the assessment could go down. What I would like to point out to Senators here is that it says:

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“Where new information arises in reconsidering an assessment the Board may raise any new issue at that stage...”

Now, the practice is when one is going through the process of objection and appeal, a person has to ensure that everything is put down, because once it is put down, nothing else can be brought in addition. In other words, the Board of Inland Revenue has a distinct advantage over the individual taxpayer and that cannot be right. It must be that any new objection may be raised by either side.

I point out that one has to consider the advantage that the Board of Inland Revenue has over a taxpayer. It is a large government funded organization and it takes a lot of money to fight an objection and to take an appeal all the way through to the appeal stage with the state being fought with seemingly unlimited resources. We are talking about, in many cases, a company but in many situations, it may just be an individual taxpayer and, to use the expression of the Minister, the playing field must be scrupulously level. It must be. The state must be seen to be acting fairly at all times.

Clause 6(r) says effectively that:

“...within six years after the expiration of the year of income or three years from the date the tax return is filed...”

In other words, the Board of Inland Revenue has now up to nine years to assess a taxpayer because, to use the example of the Minister, if for one reason or another a return is filed on the last day at the end of the six-year period, there is a further three-year period. What I can say is that there are many reasons some of these things might occur, but I can also say that the maintenance of those records is a nightmare for every single business that I know of—the storage of those old records is a nightmare.

I will give an example of the kind of thing that actually happens. I give to this honourable Senate a real life example without calling any names. I inherited a client that had had a tax audit from the Value Added Tax section of the Board of Inland Revenue. An assessment had been made primarily because at the time and because of the date of the assessment, the records were in significant disarray; they were put up in storage and nobody could find anything. The auditor came through, made an assessment and the company’s accountants could not figure out because, what had happened was that the company had been sold, so the new owners were trying to fight up with an old situation. Total confusion!

After the assessment had been made, the company's auditors filed an objection and it was after that point that I inherited the client. We tried to deal with the situation. It took us a long time but, eventually, we came up with the explanation which was so simple. The problem was so simple and it was this.

The company operates, if I recall, six or eight branches nationally including one in Scarborough and all that was happening was that the branch sales were being deposited in a bank account which was physically close to the branch and then being transferred into the main office's accounts. It is not rocket science; this is real straightforward stuff.

The VAT auditor, because there was no specific information given to him, simply took the two deposits as being sales so he added the same sale twice; once, when it was put into the branch account and again, when it was transferred into the main account, so he said, "You have under-reported your sales".

Now, it took us a long time to find the records to be able to identify a very simple solution. We took it to the objection section and we were met by an officer of the VAT office who said, "Yes, I clearly see what the situation is. Put your explanation down in writing". We showed her what information we had; we did not have all the documentation but we had the cash book; the indications were clear as to what the situation was. She said, "Fine. I will set aside the assessment". We wrote the letter. She goes on holiday. Somebody else picks up the file and says, "Objection denied. Appeal."

We now have to go through—having gone through the expense of taking it through the objection stage—the Appeal Board. We have now reached the appeal tribunal on a simple, simple matter and the problem occurred because of this six-year rule and because when a business is making money and has activity, historical records are the last thing on the businessman's mind, so that clerks are told to put records in a box and pile them up in the warehouse. The owners do not sit there and meticulously say, "Now, put this cheque book here and put this deposit book there and so forth". The clerks stick everything in a box and it gets tumbled up and so forth and six years of stuff is piled up. Six years after the fact, they come to try to find what is needed.

Most people that I know are in serious distress to find their records after six years, much less after nine years. In the United States, the rule is three years; in Canada, it is five years; but here we now have nine years. Mr. President, I appeal to the Minister that this is absolute hell.

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The other thing is, if we are now talking about an individual taxpayer who is going to be audited and he now falls underneath that \$50,000 limit and the Board of Inland Revenue decides that it is going to audit him, well, he is really in khaki pants because he has not filed a return; he did not have to file a return. So, how is the rule to be applied there? It seems to me this is the formula for disaster because when that is coupled with this \$50,000 limit for filing, it seems to me there is no way on the face of this earth that the Board of Inland Revenue is going to control things at all. How is it going to know who it should be calling on? Because, what happens now is this.

The department, through the efforts of the last administration, has managed to get itself pretty well managed; everybody is on the computer and they know if someone has not filed a return. What ends up happening is that if someone does not file, it comes to the person asking, "Where is your return? We want you to file

**2.55 p.m.**

Now they are faced with a situation where they do not know who to ask anymore because they do not know who is under \$50,000 or not. It seems to me that they are creating an administrative nightmare and asking someone to keep record for nine years. It is crazy, because at the end of the sixth year, they could come along and say, "File a return? I earned less than \$50,000". Where do we go with that? How do they resolve a situation like that? It seems to be insoluble. It is an administrative nightmare. I do not know how to solve that.

The Board of Inland Revenue, being the revenue collection agency of the Government, has an absolute right to investigate the taxpaying citizen. I have no difficulty with that concept. It is right that it must be so. That is where the Government is calling on its citizens and has the right to make sure that what they are doing is right. Mr. President, I would like to point out the dichotomy here. We, the citizens, have no right to audit the Government. There are situations that the population at large would like to investigate: InnCogen, the airport, National Flour Mills, Bear Stearns and Ken Soodhoo at National Petroleum. We would like to know the answers and investigate those issues, and I know that I would very much like to speak to the officers at Bear Stearns concerning Ken Soodhoo and one or two others, and they have indicated a willingness to come here and speak, to meet directly, provided it is an official request.

Mr. President, we have no absolute right to investigate the Government, but the Government has an absolute right—now for nine years—to investigate us.

While the nine-year period may cause a certain amount of confusion, I do not deny their right to audit anybody, but what is good for the goose must be good for the gander. We the citizens must have that right. We must have the investigations and the commissions of enquiry for which the population at large has been calling. We must have the explanations.

When a company comes in here and gets an eight-year tax holiday and we form a postal company that belongs to the people of Trinidad and Tobago and that postal corporation is given only a three-year tax holiday, one has to ask the question, "How come"? Then we read a reliable report indicating that the company with the eight-year tax holiday has seen fit to set up satellite companies in the Cayman Islands where there are secret banking laws to conduct what, secret business? What secret business could they possibly have with Trinidad and Tobago? What should be so secret as to necessitate hiding behind the laws of the Cayman Islands? What could be so secret! [*Desk thumping*]

Mr. President, can I assume that I can go and hide my things in the Cayman Islands? Could I hide my business in the Cayman Islands? Even if I could legally, that would be wrong. That would be grossly wrong! I think the Board of Inland Revenue would certainly want to know what I was doing in the Cayman Islands, but we cannot seem to ask these questions or if we ask them, we certainly do not seem to get any answers, and we have an absolute right to demand of the Government to account properly and fairly to citizens of Trinidad and Tobago. We have that right! [*Desk thumping*] If they have the right to make us account to them on an individual basis, then they must also be held accountable to us.

It is on that basis, if none other, that I cannot support this legislation, until I hear that commissions of enquiry have been launched to deal with these matters. [*Desk thumping*] I cannot support this measure until I hear that, and it is a travesty of justice that any taxpayer should be submitted to the type of scrutiny and arbitrary dealings of the Board of Inland Revenue when we, as citizens, cannot demand the same thing of the Government, and they have a lot to account for, Sir. They have a lot to account for and they must be held accountable and they must make that accounting. That is the point. So, I cannot support this piece of legislation at all.

Mr. President, I have already dealt with most of the issues dealing with the budget and most of the budget measures. I wanted to draw to the attention of the this Senate and the wider community the specific areas and measures in this legislation that I had particular difficulty with. There may be others, but for the moment, I will rest. Thank you very much.

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**Sen. Dianna Mahabir-Wyatt:** Mr. President, I will be very brief. I just have a couple of queries to make. One is in respect of the amendment to the Act in respect of the Student Revolving Loan Fund. I have no problem with the amendment. It is simply a question: Since this system has been so abused in the past and Government machinery, for some reason, has been either unable or unwilling to collect from those students—we get lists of them every year who are named and have been given loans in the past and have not repaid the loans—I think probably it is a good idea to pass this over to private lending institutions to deal with it.

I would just like to know if the Minister could give us any information as to whether any machinery is going to be put into place to either find some other way to levy the income of those people who have received loans in the past, who have promised to pay them back and have not, in fact, done so. Most of them are known by name and address, and it is because of their abuse of the system that other moneys were not available to other students to study. I just wonder if the Minister could give us any information on that.

The second question I have is in respect to clause 6(c). There seems to me to be a somewhat confusing use of words there. The Minister said that the media have a way with words and I sometimes find that the legal drafting people do as well. I just wonder if the Minister could clarify this. In the wording in the Bill he has given us, it says:

“Where a person and his spouse occupy as a residence land and improvements owned by both spouses jointly...”

Then it goes on to mention a deduction of up to \$18,000 in respect of each spouse being allowed. Does this mean that if a single parent owns a house—that single parent could be a widow or widower—he or she will not be allowed this deduction? Because it says “a person and his spouse”. It does not say “a person and/or”. I would have thought that the intention would have been for any person, whether they are married and the house is jointly in their names or not.

Just one small comment here, Mr. President. In respect of the language used in this clause, as it is so often in other aspects of the law, since this Government has in many instances spoken of its policies of gender equality, is it not time that we started to allow the language of our policies to reflect those policies themselves, including the language we use in the laws that are drafted? I realize that it is not the Minister of Finance who should be addressed on this, and I would never dream

of even hinting that the Minister of Finance is, in any way, anti the female gender, but in all of our legislation, we still do have “a person and his spouse” as though we cannot even extend to a person and his/her spouse. The male must always include the female.

I remember about three or four years ago in this House commenting on the language in which the laws are drafted and pointing out that when the declaration of human rights was first drafted in the United Nations, Eleanor Roosevelt was on the drafting committee and she tried desperately and futilely to point out to the other people on the drafting committee that in the Rights, they were defining “human” as being “male” and they insisted that “human” must include male or female, but the needs of women for rights is not exactly the same as that for men. When I mentioned this in this House I was virtually hooted off the floor, but in the meantime, the United Nations has come out with the declaration of the rights of women, simply because it has been recognized that those are not always the same as those of men. That is merely a comment as an aside, but I really make a plea for us in this House, and in this Government, to start reflecting—by the way in which our laws are drafted—the policies in which we claim to have gender equality.

Thank you.

**Sen. Prof. Julian Kenny:** Mr. President, I am not going to repeat one of the major points Sen. Montano made, but I would like to expand a bit on it. This is the subject of our transportation policy and what appears to be a policy reversal. Over the past few months, over the past couple of years and more recently, in the Sunday newspapers, we saw a rather interesting supplement on road transport and there are many features of this, which are of particular interest.

I would like to point out that the number of passenger vehicles on the road now works out to one per six citizens. It is theoretically possible to take everybody in Trinidad and get them into a vehicle on the road simultaneously. This gives an idea of the density of the motor transport. We are quite outstanding. We exceed all of the South American countries and Central America. We stand out as being one of the most populated countries in terms of motor vehicles. Anything that aims at making it easier to purchase a motor vehicle is really only adding to this population of vehicles.

I thought that the supplement was quite interesting, but when I looked at the newspapers over the past few months, there are a number of other things which emerged. I think that Sen. Cabrera was making the point earlier, on another debate, that we receive things in Parliament and this tells us about the policy. In

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fact, one can learn a lot about the policy of the Government from statements by Ministers at various functions. One of the things that struck me earlier was the decision, which I think was the right decision, to think mass transport: electrical monorail and that sort of thing. People have "pooh poohed" this sort of idea, but long term, this is the desired direction.

**3.10 p.m.**

Certainly, the most recent one about the possibility of a fast, passenger ferry service from Chaguaramas, Port of Spain, Point Lisas, San Fernando and Point Fortin makes sense. I am sure that people will pay for it. So, two sort of elements of mass transport already form part of the policy and I think that the Government must be commended for this. At the same time, when one gets lumps of rock thrown in the gears, it grates a bit and one wonders whether we are really serious about these major initiatives which are going to take some years to achieve.

I think also the policy is quite clear on the phasing out of leaded gasoline. That is to be a major decision, a major part of our transportation policy and, certainly, the expansion of CNG as a fuel; it is a fuel of the future. Clearly, this is a major part of the transportation policy. Nowhere have we seen reference to incentives to move toward CNG. As I pointed out repeatedly over the past three years, the high sulphur diesel fuel ought to be the most heavily taxed. Gasoline ought to be the most heavily taxed. Then vehicles of certain kinds should attract less taxation if they are fitted with catalytic scrubbers in the exhaust system and, certainly, CNG ought to receive incentives.

So, when one hears originally, that part of the reason for raising the taxation on the foreign used vehicles was to reduce pollution on the road; Sen. Montano referred to other problems like the congestion, as well as devaluation of cars which one purchases as new cars. So, the argument was accepted that they were doing this to cut down the vehicle population, and part of the argument was to reduce pollution. Now, if all of a sudden, you have a policy reversal, and you make it easier to obtain a vehicle, then it is coming into conflict with what appeared to be quite a coherent, intelligent, national transportation policy which may have developed over the next two decades. So this is a matter of some concern to me.

The other thing about making it easy to obtain a vehicle, if you make it easier to obtain a foreign used vehicle, you are making it easier to obtain vehicles that are going to have a shorter life than an imported new vehicle. This means that down the line you are going to face the problem of getting many of these vehicles off the road. I took it in the Minister's original statement, not at this setting, but earlier,

that there are going to be restrictions on the age of vehicles. I think at one time we were importing vehicles that may be 10 years old. This is a sensible thing, if you are going to do it, to limit the thing to, at least, vehicles that are no more than four years of age.

Again, another thing which bothered us about this transportation policy which is emerging is the subject of the vehicle emissions. We have had a lot of talk about it, we still have not seen any standards; no standards have come to Parliament as they ought to—some two years ago—and we have seen that the vehicle inspection seems to have been sidelined. I think there was a legal problem. Now I understand that legislation is coming back to Parliament. So, overall, we appear to be moving in the right direction and then suddenly, we have what I consider to be an unfortunate policy reversal.

Now, Sen. Dr. St. Cyr frequently tells us that we have to be very, very cautious about encouraging the consumption habits. Our economy, I know, the revenue is not as heavily dependent on petroleum, but it certainly is very heavily dependent on energy, natural gas. What we appear to be doing is taking what are wasting resources, whether they be petroleum or natural gas, and a significant part of this is being put into wasting resources which are foreign used vehicles and new vehicles, which have a shelf life of so many years. What the policy, insofar as the foreign used vehicles is concerned, appears to be doing is making it easier for citizens of lower levels of income to acquire vehicles. Now, this may be simply politics; let us please the citizens because we are facing an election two years down the line or whatever have you. You know, Mr. President, it is almost like dealing with children. The children want something, you tell them no and eventually you cave in and you give them. When you give them, they want more. This is one of the concerns I have about this policy reversal. I think, actually, history would have been kinder to the transportation policy had the Government bit the bullet and said, “Look, it is time to conserve our resources to move them in the direction towards mass transit”. So, this is one of the major concerns.

I might point out also that related to this, we have a problem. The valuation of the new vehicles, in fact, plummets in the first and second year. When you go to your insurance company now, the insurance company is not allowing you to value your vehicle; the insurance company is telling you to get an official valuation if you do not like theirs, and they give you a valuation: If you are involved in an accident with a PH taxi—of which there are about 25,000 in this country, which many people support as it serves the rural areas and so forth—and your vehicle is a write-off, the PH taxi’s insurance is totally null and void, and therefore, you carry the loss.

causes disease.

There is another cost to allowing vehicles in unlimited numbers on the roads: road expansion and road maintenance. The real long-term cost is not really the purchase price of a foreign used vehicle, it is the fuel that one burns and, of course, the roads. We know the cost of attempting to maintain our roads, of attempting to expand our road network, and we know the condition of many of our roads. So, I suggest that this reversal of policy really clashes with what appeared to be developing a national transportation policy that would have taken us up to the year 2020.

Thank you, Mr. President.

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. President, I rise to support this very important Finance Bill, and to say that this Bill seeks to provide for the imposition or variation of certain taxes and duties and to introduce other provisions of a fiscal nature and for related matters.

This Bill is about the variation of taxes, except for the little addition when we deal with the registration fees for motor vehicles, but this Bill imposes no new taxes. In fact, this Bill seeks a pathway, I would say, to stabilize the economy of our country, to create opportunities for people, particularly small people in Trinidad and Tobago, and to pursue a programme of enterprise development in this country. The ideology of this Bill, as is the ideology of this Government, is to empower people; we are about empowering people so they would have no need for charity and dependency. It is one which focusses on taking people out of their state of poverty, so they would be able to stand on their own feet, unlike the experience that this country has had for close to 34 years.

This Bill, as I said, is not about imposing taxes, it is about reducing and varying taxes on small business. That is a very important development for our country. Take, for instance, the business levy and also increasing the ceiling for business insofar as businesses that were subject to VAT. To my mind, that is a very laudable approach; it is a very important adjustment in the context of seeking to encourage young people to probably pursue business enterprise. The object of this is to give the small people, the small man, small businesses and enterprises in our country a boost, an incentive for them to participate in our economy. The drive of this Government is to increase the participation of citizens in our economy, which we are seeking to describe as property-owning democracy. We are trying to develop a property-owning citizenry in this country.

So, when my hon. friend, Sen. Danny Montano, was speaking, he made reference, and I do not know what he meant by the expression, but it had me a bit alarmed when he spoke about vagabonds and scamps, and that he would condemn or he is opposed to any business person who is doing business with these vagabonds and scamps and so on—words to that effect. I did not understand where he was coming from. I did not understand what he was attempting to say. I do not know if he was attacking the Government and calling the Government vagabonds and scamps and, therefore, international organizations that are coming to deal with this Government and the authorities here, they should not deal with them because to deal with this Government, those businessmen who are coming from abroad could also be described as vagabonds and scamps. I thought it was a very unfortunate expression coming from the lips of a very responsible accountant in this country. I thought it was very disconcerting to say the least.

But, I can only say that when people speak about vagabonds and scamps, as I said, I take objection to these things because this Government is about to debate a very important Bill in the other place, it is an amendment to the Constitution of this country that would establish, for the first time, standing committees that would have the power to investigate ministers, ministries, public officials, state enterprises and directors. So, for instance, people who have allegations, they can go before that committee. I understand that committee would have the power to have open hearings, where people can come in the gallery and take in the hearings and so forth. It is public, we can summon people, you can subpoena people, take the matter to the DPP and where the chips fall let them fall. The only thing about it, I do not want it to start in 1995, I want it to go back to 1956. [*Desk thumping*] So, the vagabonds and scamps could be then resurrected, the real ones.

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Mr. President, I have a document here that goes back to sometime in 1995, I think. But this article which I want to quote from, because sometimes we hear people speak and it is important for us to look at these things and examine them very carefully. I have an article when the PNM came into power in 1992, very early in their tenure—they talk about vagabonds and scamps and so forth, I take strong objection to that particular phrase. Somewhere else I read in the newspaper where people talked about sweetheart deals and the mother of all sweetheart deals and that kind of thing. I have an article here in the *TnT Mirror*, dated Friday, December 11, 1992. The headline is, “Farrell House deal stinks”. You know what is the sub-company gets State Funds for sweetheart sale”. I want to quote some parts of this. I am not saying for one moment in this debate that two wrongs make a right, and that is why I am saying a Constitution (Amdt.) Bill to address the issue that you have been making, you have been alleging things with your friends in different places, and we are saying investigate. But, here it is, Ken Ali writing in the *Mirror* of this date. I want to quote what he said:

“Almost casually, Mottley told the House that the 52-room, hilltop Claxton Bay Hotel was sold to San Fernando-based Energy Consultants Ltd. for \$8.1 m.”

**3.25 p.m.**

Mr. Vice-President, the article goes on further to state:

"The buyer is a virtual paper company. It is owned by the husband of a PNM Councillor and another balisier-waving party member.

The Minister never stated who were the other bidders and what were their offers.

But several hoteliers have told this newspaper that the deal—the package includes 18 acres of land—is a steal."

As we speak here they even offered generous concessions to this company.

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

The point I am making is that they estimated that this hotel really should have been sold for about \$12 million but they sold it for \$8.1 million to an energy consultant. The chairman of that group was a PNM councillor in south. *[Interruption]* It is in the newspaper here.

**Sen. Montano:** Thank you for giving way. Mr. Vice-President, the Minister is making a very interesting point. Why do we not investigate that and set up a commission of enquiry? While we are investigating it, let us do InnCogen at the same time. [*Desk thumping*] I would donate my services for free.

**Sen. The Hon. W. Mark:** This is only one, I have a file here. [*Desk thumping*]. Mr. Vice-President, the point I am making is a simple one: When we talk about vagabonds and scamps, I want the other side to understand that those in the PNM who live in glass houses, must be careful. I am in support of the Government's Bill to amend the Constitution. Let us establish a standing committee, have open public hearings, summon witnesses, subpoena witnesses and have an enquiry; whether it is InnCogen, they talked about the airport. I would go back to all of those things. Urea sold out—

Mr. Vice-President, do you know what Mr. Valley—who was the minister responsible for divestment—was responsible for? In fact, they called him the "terminator." He was described as the "terminator" at one time. [*Laughter*] [*Interruption*] Yes, I am talking about the vagabonds and the scamps that the Senator mentioned earlier. I am saying, yes, let us deal with the thing; deal with it head-on, set up the commission. Let us go back to 1986, right through, Tesoro; let us go back, to Prevatt; let us go back to O' Halloran, the Caroni Racing Complex; I am going back! [*Interruption*] Under their regime, between 1992 and 1995, they have committed some of the worst crimes against humanity in this country!

I remember Sen. Martin Daly in Opposition—[*Interruption*] Is it a point of order?

**Sen. Montano:** Mr. Vice-President, the Minister is suggesting that we on this side have committed crimes. He has brought no allegation of any crime against any member of the PNM and that statement must be withdrawn. [*Crosstalk*]

**Hon. Senators:** No!

**Sen. The Hon. W. Mark:** I am developing my points!

**Mr. Vice-President:** Is that your point of order?

**Sen. Montano:** Mr. Vice-President, there is no charge against any member of the PNM. No member of the PNM to my knowledge is guilty of any crime. How can the Member make that statement? He cannot! To make it is just sheer wickedness and completely contrary to the Standing Orders!

**Sen. The Hon. W. Mark:** Which one?

**Mr. Vice-President:** I do not see any specific Standing Order being infringed, Sen. Montano.

**Sen. Montano:** Mr. Vice-President, I draw your attention to Standing Order 35(8). [*Crosstalk*]

**Hon. Member:** "Yuh" playing mas and "fraid" powder?

**Mr. Vice-President:** I would take due notice of 35(8) but I do not think that the hon. Senator—[*Interruption*]

**Sen. Montano:** Standing Order 35(4)

**Mr. Vice-President:** I am prepared to rule that 35(4) has not been infringed. You may proceed. [*Interruption*]

**Sen. The Hon. W. Mark:** No, I did not call him that, I said the press. [*Laughter*] The press called him that. Listen, one of the things—

**Mr. Vice-President:** I would ask that we have one person speaking at a time please.

**Sen. The Hon. W. Mark:**—the Opposition PNM must understand is: "yuh" cannot play mas and "fraid" powder. [*Desk thumping*] We have enough available incidents—

**Sen. Mohammed:** Judgment day has passed, it is your time now.

**Sen. The Hon. W. Mark:**—that the PNM has been guilty of. When they come here and talk about vagabonds and scamps, I take strong offence to that. I am a decent, dignified human being. [*Laughter*] [*Desk thumping*] My integrity is never in question.

**Sen. Montano:** Mr. Vice-President, Standing Order 35(5) clearly states:

"(5) No Senator shall impute improper motives..."

The Senator just said that "members are guilty of," that is a clear statement that the members of the PNM, of which we are all members here, have some kind of improper motive. That is completely irregular, Sir! [*Cross talk*].

Let us press on with a proper debate. We are talking about facts. I was very careful in what I said, Sir. I did not call anybody's name, and I would expect that the same standard of debate be used on that side. I know who they are and from

where they came, but this is the Senate of the Republic of Trinidad and Tobago. [*Desk thumping*] This is not the La Basse!

**Mr. Vice-President:** I ask Sen. Mark to not be personal in his allegations. However, Sen. Montano, he is responding to your allegations and, therefore, the line of discussion taking place is in response to you. Bear in mind that I do not want you to have personal attacks on anyone.

**Sen. Montano:** Fair enough.

**Sen. The Hon. W. Mark:** Mr. Vice-President, I do not want to have any personal attacks on anybody. I am not a man who deals with personalities, Sir. I am just trying to deal with the facts here. I am saying, that those on the other side who make all these wild statements and allegations, should be able to prove what they are saying as well. I am sure before the evening is out, we will get some wildness coming from the other side as well. [*Laughter*] There is a wild west on that front—sorry, Sir, they are a group of honourable men on that side. [*Laughter*].

Mr. Vice-President, I was on the point of—[*Interruption*] Because of the wildness that we see at times, I am not too sure who is next. I do not know who on that side, the Leader of the Opposition would dispose of next.

I have a file here: the PNM sold out Urea and Fertrin between 1992 to 1995. They also sold out Trinidad and Tobago Electricity Commission (T&TEC) to PowerGen. He did not talk about vagabonds then though. There were no scamps debating or negotiating the sell-out of T&TEC; no short pants—

**Sen. Montano:** Mr. Vice-President, on a point of order, what is the nexus between this and the Bill in front of us?

**Mr. Vice-President:** I am going to allow a certain latitude to refute or deal with the remarks made. [*Desk thumping*]

**Hon. Senators:** "Do so ain't like so." [*Interruption*]

**Mr. Vice-President:** I am assuming that the line of arguments being raised here is a general line, that he is not dealing with a specific project, T&TEC or otherwise. I am not going to allow him to go on indefinitely. Please proceed. [*Crosstalk*]

**Sen. The Hon. W. Mark:** I am making a simple intervention. For instance, we are dealing with a situation where we have a Bill seeking to introduce and effect measures that were announced in the 1998/1999 budget. What I was concerned about were some of the allegations being made on that side, and I thought they

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were all inclusive. They were attacking the entire Government Bench and I have a responsibility, as Leader of Government Business on this side, to defend the Government and the Bench here. [*Desk thumping*] I have that responsibility.

I feel just as strongly as my friend Danny, if his side has evidence—

**Mr. Vice-President:** Sen. Danny Montano please, not "Danny".

**Sen. The Hon. W. Mark:** Mr. Vice-President, he is so close to me I said "Danny", my friend, Sen. The hon. Danny Montano, Sir [*Laughter*]. I felt it was necessary to really deal with this thing in a way.

When they are speaking about these things, Sir, we have to ensure that they on that side understand that we are not just going to investigate allegations that occurred in the government between 1995 to the year 2000. We want to go right back and jail who have to get jail.

**3.40 p.m.**

Mr. Vice-President, I had to get off course and I want to come back to this Bill. I will come back to Sen. Danny Montano later but I want to indicate that the international environment has become very unstable and very uncertain. I agree with Sen. Montano when he said the price of oil has gone under \$10 or about \$10. The IMF, which assesses our country's performance on an annual basis did a report recently. That report was for the period May to August, 1998. The executive board of the IMF in this report entitled *Public Information Notices on Trinidad and Tobago* reported:

“Directors commended the authorities...”

That is the authorities in Trinidad and Tobago.

“for having successfully pursued sustained growth with low inflation in recent years...The economy is now experiencing an investment boom...”

in spite of the fact that Sen. Montano may say otherwise.

“in the petrochemical sector, which would sharply accelerate economic growth in 1998. Directors endorse the authorities’ efforts to maximize the beneficial spillover effects of this boom on the rest of the economy by increased attention to infrastructure investment needs...However, Directors noted the impact on the public finances of the recent drop in oil prices and the temporary loss of revenue to the intensified use of investment tax credits as well as the challenges posed to the effectiveness of monetary policy by the rapid pace of innovation in domestic financial markets. In this environment, Directors supported the

authorities' efforts to maintain a prudent fiscal stance and to move promptly to restore the effectiveness of monetary policy instruments...Directors supported the authorities' efforts to maintain the 1998 central government fiscal surplus targets by cuts in discretionary expenditure, while noting the importance of increasing the proportion of expenditure on education, health and social programmes."

Mr. Vice-President, we have made it very clear in terms of our economic policy and philosophy that we are going to pursue a path of economic expansion and growth but side by side with economic growth must come social progress, equity and justice. That is why, even in the face of the falling oil prices in 1998, the Minister of Finance was able, with the support of Government, his Cabinet colleagues and the wider community, to stabilize Trinidad and Tobago.

The fact of the matter, whether they want to recognize it or not, the inflation and exchange rate stability, the balance of payments, the foreign exchange reserves, we have had the largest reserves for a number of years here; at least for four months of import. We want to go to a point, as the Minister of Finance said, where we will have reserves for at least one year.

For the first time in 14 years unemployment has been at its lowest under this Government; [*Desk thumping*] a rate of 13.5 per cent and we are hoping and we are planning—the agricultural sector, the manufacturing sector. Trinidad and Tobago got the Crystal Palace award for tourism. This Government is seen as the most aggressive of all Governments in the region in supporting and giving every kind of assistance to tourism development in this country. The Prime Minister went to London to collect that trophy. [*Interruption*]

Mr. Vice-President, I take strong offence to what Sen. Mohammed has just said. I think that is offensive. She is imputing improper motives and she must withdraw that.

**Mr. Vice-President:** I am saying for the benefit of the reporting staff that I trust that the remarks that are crossing the floor are not being recorded. I will ask the Member responsible for the remarks to allow the Member on his feet to speak. The Member will be given a chance to speak and if the Member cares to make a statement along those lines we will deal with it when it comes but, please, let the debate continue in an orderly way.

**Sen. Prof. Ramchand:** Mr. Vice-President, I also trust, for the sake of posterity, that the remarks are not being recorded in *Hansard* also.

**Mr. Vice-President:** That is the indication I have.

**Sen. The Hon. W. Mark:** Mr. Vice-President, here we have a reputable international independent organization recognizing that, in spite of what is taking place at the level of world oil prices, we are making sure, in this country, that the critical areas of this economy, particularly in the areas of social infrastructure, education, health and social programmes, are being maintained so that we would not have an imbalance.

The PNM is so “tootoolbay” we have them “basodee”. What this Government has been able to do in three years the PNM took almost 33 years and they still had not been able to do what we have done. What is happening is that when these people see these developments they want to hold on to all kinds of wild statements. I keep saying, at the end of the day we are going to have a judge; it is the people. The people will decide if they want Manning and the PNM back or if they want the honourable, illustrious leader, the Prime Minister and his team back. *[Desk thumping]* I have no doubt about what the people will decide.

Mr. Vice-President, here it is we are seeking, in the face of all our difficulties, to maintain stability in our economy. We understand the importance of maintaining economic stability in the country. We are not beating our chest or blowing our trumpet. We are going about our business quietly and with dignity ensuring that we do what we were elected to do.

We have to clean up all kinds of garbage that we met here and which we inherited from the PNM. It is not going to take five years to clean up that. We need a minimum of about 15 years to clean up this place. That is why we are saying that at the appropriate time the masses of people will have to determine.

We sought to introduce these things through the 1999 budget and now we have come with the present Bill to give effect to these measures. That is what this Bill is about. We are giving effect to some of the very important measures for the elderly and the small business people in this country. Our position is that in order to spread the benefits of a growing economy, to deal with the unemployment situation in our country, to get people out of the poverty trap, we have to encourage small business and micro enterprise in this country.

If we had, in our country, a culture of educating our population from the kindergarten right up to tertiary education in terms of entrepreneurial and business activities, the dependency syndrome that has gripped our country for more than 35 years could have been reduced significantly. That is what we are doing now. We are supporting the Small Business Development Company. We are trying to

support agencies that can give small people—a man wants to get into a small

**Sen. Mohammed:** Can the hon. Minister inform us as to whether FUNDAid has received its promised \$28 million?

**Sen. The Hon. W. Mark:** That is a matter for the hon. Minister of Finance. The point I am making is that we are trying to deal with the situation. The evidence was manifested in the budget of 1998/1999 where the Minister of Finance reduced the business levy from 0.33 per cent of gross sales to 0.25 per cent. These businesses are going to benefit from this exercise.

We are also exempting from business levy a business with gross sales not exceeding \$200,000. The present limit is \$150,000 but we have increased the limit to \$200,000. This is a policy of assisting small business development in Trinidad and Tobago. Is the PNM against that? Is the PNM against the Government measures to assist the development of small businesses in this country? I heard Sen. Montano say he cannot support the Bill. This is in the Bill, so is he against the Government supporting small people in this country? I do not know.

Mr. Vice-President, we have also seen in the Bill before us that we are also going to exempt financial institutions from tax received from loans made to fund projects within the small business sector under the Small Business Development Company. By exempting financial institutions from tax on interest received from such loans we envisage that more loans will be made available at a lower cost to small business. It is a measure designed to help small people.

This is a Government that deals with the masses. This is a Government that is seeking to lay an infrastructure to create the environment to promote change and to bring about meaningful economic and social development for all of the people, regardless of their race, colour, creed, region or religion. Therefore, it must be seen in the context of our thrust towards developing small business in our country.

We are about home ownership. We want to establish a home-owning democracy. This is why we have passed the Regularisation of Squatters Bill. Mr. Vice-President, there are 50,000 households in this country. When you multiply that by five or four, that is 200,000 people in this country who have been described as squatters and they are on state land. We have taken steps to regularize those people's status so that they can now have security of tenure. They can get a 199-year lease which they can take to the bank in terms of security so they can get loans from the bank; so that they can build and own their own homes. No longer

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PNM will have to go in the dead hours of the night and crush people's homes, devastate families and disunite people. We are trying to unite the country. Not the PNM who are trying to divide, crush and devastate. That is what we are about.

The Minister of Finance is bringing a measure to deal with these lower and middle income groups by providing loans to first-time home-owners through the Trinidad and Tobago Mortgage Finance Company. That is a laudable measure and I think this is something that the PNM should compliment the Government for.

Mr. Vice-President, as you know the Government has raised about \$100 million on the market so far and persons who are squatting are going to have their tenancy regularized. They can go to the Trinidad and Tobago Mortgage Finance Company and borrow \$20,000 at no interest. As you go up the ladder you go up to about 2 per cent and 3 per cent, but maybe up to \$150,000 you would get about 6 per cent. And we go on to about \$300,000 where you get about 10 per cent. The Government is, in fact, taking measures and steps to ensure that ordinary people in this country have some degree of security in terms of housing which is a basic necessity of life as we know, and this Government is trying to ensure that our people are properly sheltered and clothed.

**3.55 p.m.**

Mr. Vice-President, in this period where there is continuous innovation, and international competition in a period where there is a unipolar world, it is no longer a bipolar, we have to focus on upgrading the skills of our young people and enhance their opportunities for employment and longevity in our country. We live in a fiercely competitive world and we cannot bury our heads in the sand and not understand that, and this is why the hon. Minister of Finance is trying to provide incentives to improve the skill levels. As he said, we are now amalgamating under my ministry, that is the CPO department, which is responsible for the Students Revolving Loan Fund.

Today almost \$20 million worth of loans which were given to people under the PNM have not been repaid. Recently, when they came to Parliament and released the names of the delinquent persons we got back a few hundred thousand dollars, but they have gone back again into their cubby holes. This involved scores of citizens.

Mr. Vice-President, we used to lend persons at a lower rate of interest than those who would have gone to the commercial banks under the guaranteed scheme we had with these commercial banks and what the Minister has decided to do—which to my mind is a very proper way—is to seek to amalgamate those so we are going to link the student revolving loan to what is taking place in the bank, so they would now

administer the actual loan portfolio and we would then subsidize the loans which persons are going to obtain. *[Interruption]* Future loans. In other words, when you are coming for a future loan, you can go directly. So therefore, Mr. Vice-President, we want to ensure that the employers, as an example, have 150 per cent claim which they can actually claim as a result of training and retraining of people, and we feel that this should be encouraged by the employers.

I like the idea of the ESOP raised by the Minister as well. I think it is a concept which we need to pursue with some aggression in Trinidad and Tobago. It provides not only viability to enterprises, but also empowers workers in the decision-making process at the workplace and in a period of international competitiveness you need everyone on board. What I think the Minister of Finance is attempting to do is to ensure that the facility is extended not only to the public sector, but to the private sector as well. We must become not only a home-owning democracy, but a property-owning democracy where the masses of workers, the employers and the Government really work in genuine, social partnership for the development and transformation of our economy and our country. So I am happy with this proposal. I think it is a very positive step. We now have to encourage the employers in the private sector and we would do what we have to do in the public sector to effect that kind of arrangement, so that there would be a greater degree of ownership of the industry by the ordinary people who work, toil and labour in those particular enterprises. I think it is a very important matter.

This Government is not only concerned about the aged. We are a caring Government, we are about training people, about assisting small enterprises, and we are also concerned about boot saving savings in our country. We feel all these things are going to enhance, at the end of the process, a better Trinidad and Tobago for all of us and this is why I feel the ESOP option plan is a very important advance for us.

Mr. Vice-President, as I said, there is a balance between growth and development and, therefore, the Government is committed to redressing as far as possible, the imbalances which it has experienced over the years. One of the difficulties which we have experienced in this country is that as the economy grows and in particular areas, there is a situation where inequalities seem to be rising. We have recognized this, as we grow and expand, the gap between the rich and the poor seems also to expand and this is why we are placing so much emphasis on training, enhancing people's skills and upgrading people's education.

This is why we recently launched the programme of distance learning. We want to bring education and skills into the living rooms of people. They do not have to

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go to the university, a college or a school, they can create their own classes in their bedrooms and living rooms where they can obtain their GCE, CXC certificates, diplomas and first degrees. This is what this Government is about. It is about laying a platform to emancipate and liberate ordinary people so that they can be in charge of their own destiny rather than be dependent on “ole talk” and bacchanal so PNM could try to divide them on all kinds of stupid grounds. When a man is in charge of his own destiny and is intellectually anchored, nobody could fool around with him. That is why this Government is about training, enhancing skills, and promoting knowledge because we are going into a knowledge-based society, we are already in this knowledge-based society with the information age and we might be a bit late because I keep telling people, and I want to repeat it, that Singapore wired the entire public service since 1982. Singapore is about one-sixth the size of this country and since 1982 it has wired the entire public service.

[MR. PRESIDENT *in the Chair*]

Mr. President, if you go into the Public Service Commission on St. Vincent Street there are two floors with files reaching the roof with people's private and confidential documents from 1940 right up to 1998. Do you know why? They have not been provided over the years with a proper human resource information management system. A simple thing like that! We have now voted \$3 million to the Service Commission Department to obtain and secure a proper human resource information system so they could deal with human resource planning, organization and management in the public service of Trinidad and Tobago. What were the PNM doing for all these years? Smokey and Bunty?

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

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

*Question put and agreed to.*

**Sen. The Hon. Wade Mark:** Mr. President, I am saying that we recognize the problems of our country and we are coming up with solutions. It is not easy, but we are working hard and are sticking to our target and are prepared to face the consequences of our actions. In the year 2000, in November, the masses would decide, but whilst we are in Government, we are going to be steadfast in our commitment and our drive to transform our economy and make this country, as far as we can, into a total quality nation. We probably would not be able to achieve it by the year 2000, but certainly, we are going to lay the foundation to have it

achieved when we return in November 2000 or thereabouts, whenever the Prime Minister wishes to call election.

Mr. President, this Bill we have before us is also dealing with the infrastructure. There have been much protest all over the place, people arguing and so forth. We cannot undo, repair, or bring salvation in five years what the people could not get in 40 years. Roads are bad, but roads are bad all over the country. What is even more difficult to explain is how come the PNM could have been in power for 40 years and they sold out BWIA, TTEC, Fertrin and Methanol. They sold out WASA to Severn Trent on the eve of a general election in this country and these people did not find the money. Instead of drinking and getting drunk in Smokey and Bunty, they did not find the time to repair Malabar roads.

**Mr. President:** Mr. Minister, please withdraw that.

**Sen. The Hon. W. Mark:** I withdraw that statement. I was dealing with a situation where the people of those constituencies who have voted religiously and repeatedly for the PNM for all these years live in the worst conditions. And the one who says he is coming back as the Prime Minister, the dreamer, the hon. Leader of the Opposition, recently said to the whole country in South that they made a mistake in the last rounds and the first thing they would do when they return in the year 2000 is to see about the supporters first.

The PNM accused this Government of blatant discrimination. They say all the money is going to fix roads in our constituencies, and we are only giving jobs to our friends and party supporters and here, the Leader of the Opposition in waiting to become Prime Minister, is telling the whole country before he even becomes Prime Minister again, that they made a mistake in 1991—1995 and in the next rounds, they are going to see about the supporters first. I have not heard the newspapers comment on that yet, but if we had said that, I tell you, it would have been open war in the country, but they accuse us of discrimination.

Mr. President, that is why I am saying I have faith in the masses, they would decide at the appropriate time. This Bill, as I have said, is about physical infrastructure, that is why the Minister has decided to divide the Road Improvement Fund so that 50 per cent would go to the Ministry of Works and Transport and 50 per cent to the Ministry of Local Government. That is where power lies.

**4.10 p.m.**

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Mr. President, in France there is a new term called “deconcentration” as opposed to “decentralization” where they are transferring competencies to the local community levels, where decision-making is being decentralized so bureaucracy could be almost eliminated at the central level as far as practically possible; putting power in the hands of the people. That is what local government is about. I am happy for this measure because it will give the local government bodies and all these regional corporations and municipal corporations more capacity through the Ministry of Local Government, to do a number of things, particularly repairing roads.

If, for instance, that was done maybe 10 years ago, we would not have had the situation today of people burning tyres in Malabar, Maloney or La Horqueta or blocking the roads. The fact of the matter is, if people are living in poor, deplorable conditions there comes a time when people have to say, “Oh God man, what is going on here?” We could understand why people sometimes have to be forced into action. But then what people also have to appreciate—and that is where education becomes important—is that we are not responsible fully. We are here for three years. What happened for the three years? What happened to the \$70 billion we had here in Trinidad and Tobago that flushed through here like a dose of salts as the late Michael Manley remarked? What did you do? But you are coming here as if you are Pontius Pilate, clean and smelling sweet. There is nothing wrong with the PNM! PNM means wealth for the country. [*Desk thumping*] From 1974 to 1983 these people—the PNM—had almost \$70 billion and right now less than 24 per cent of this country's population receive a 24-hour water supply. The PNM should be indicted for treason against the country and the people.

When I talk about economic crimes committed by the PNM against this population, these are the examples I am talking about. The PNM never jailed anybody—O’Halloran and Prevatt, all these corrupt stooges—corrupt men as I say, Sir. Sorry about “stooges”. They were absolutely corrupt and you stayed there and did nothing but come here today beating your chest and carrying on as if you are Pontius Pilate.

Mr. President, I think I have said enough on this very important matter. I had to rise in defence of the Government and in defence of what we stand for here. I say that if we want to investigate, let that Bill pass, let us get the full support of the Opposition, let us amend the Constitution of this country, establish a standing committee, put the Opposition as part of that committee along with the Independent Members, investigate from Lockjoint right up to InnCogen. You want to investigate the airport, investigate it. Summon people, open it to the public, let

them hear and see and then you would see if the emperor is really naked. I am talking about the emperor who is making these allegations—the PNM. *[Interruption]* You think you have clothes? You are very naked.

Mr. President, all I want to say is that this Bill is really attempting to effect some of the proposals made by the hon. Minister of Finance in his 1998/1999 budget and these measures must receive the full support of the Opposition. In any event, if you vote against this Bill you are voting against small people, you are voting against old people and I do not think you want to vote against old people because old people supported the PNM. So if you vote against the elderly you will be in trouble because that is your last bastion of support. Youths have abandoned you a long time ago so consideration must be given to this. This is going down in *Hansard*. If you vote against this Bill, not only are you voting against the small man and small people but also the elderly and the citizens of wisdom who have a storehouse of knowledge that they have inherited over the years.

Mr. President, I thank you very much for this intervention.

**Sen. Muhammad Shabazz:** Mr. President, I rise to support this—to speak on this Bill. *[Desk thumping and laughter]*

**Hon. Senator:** Thank you.

**Sen. M. Shabazz:** Mr. President, I must take this opportunity to say that the last time I heard a contribution made as the one just made by Sen. Mark, I was sitting right outside there. Luckily I did not come back to the Senate that evening. It is sad when people could stand and take that kind of thing. The PNM had been here. I am sorry you have not heard the whole contribution to constantly hear about what the PNM did to cover up for what is not happening at this point in time and they only go back to what the PNM did. That has brought a very sad state of affairs in this country, when it is a laughing matter for them.

I would really like to ask those Members on the Government Bench to desist from that practice. Take the country forward in the manner in which it should be done and stop talking about what the PNM did and did not do. The people have already dealt with that, they would deal with it again. Government is in for a rude awakening very soon and they will continue to bad talk the people of this nation when the PNM is put back in power. That is a sad position, but let me go on to the Bill.

We talk about one of the first measures. The question of this Bill is not only the fact that this has been brought here because we have said this before. This will not be the only financial bill to be brought to this Senate for this year. There are still more to come. Not only are there more to come like this, but this one has

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reached here very early. A budget has just been passed, there is a manner in which things are being done and it is important to see that people started first with the issue of the used car.

With regard to the Minister's position about pollution and congestion on the road, we heard people in this Senate say that the measures and proposals were good and they agreed with it. We did not agree because we knew the manner in which it was done was so very callous and in keeping with how this Government behaves, it was not a good measure. The Minister comes back to this Senate and hits at the press, as they normally do, and tells us he is listening but he did not tell us why he listened.

Why did the Minister listen to the press on this occasion for a method that they stood up so strongly against? Did he listen with a noble kind of reason or a noble motive? How is the press to know that and he did not tell the press? Did he listen because he wants to please his supporters as people are saying? Did he listen because he now feels that the roads would no longer be polluted by these cars? Did he listen because the roads would no longer be congested with foreign motor cars? Why did the Minister listen? The Minister has to tell us why he listened so we could know in supporting this, if his listening was from a logical point of reasoning. So we could say, "Yes, after people have stood up here and supported you, you have listened for a good reason and we will support you again."

Mr. President, this is the Minister of Works and Transport speaking:

"Already there are major complaints about traffic jams and congestion, and at this time we must institute measures in order to restrict the number of additional vehicles both new and used."

And they went on to speak about why foreign vehicles. Mr. President, all of a sudden that seems to change in a matter of two months.

**Mr. President:** If you are reading from a document, please identify the document and the date of the document.

**Sen. M. Shabazz:** Okay, Sir. *Hansard* of October 21, 1998, the Minister of Works and Transport. In the same document the Minister said:

"I nevertheless point out that the introduction of this new industry has dramatized the problems at the Transport Division in terms of weaknesses in the system and the information base which have resulted in numerous avenues of fraudulent activities."

Mr. President, has the Transport Division been fixed in such a way, in less than two months, that these things will no longer happen? It is incumbent for the Minister to tell us why he has listened. There was a strong position. Do you know what is the sad thing about changing the measure? The Prime Minister, the Head of the Cabinet and Head of Government, one day when asked why this measure was implemented said, "I do not know, I will have to investigate." This is the Head of the Government, the person who is supposed to be the leader and directing the Government does not even know. So either this measure was brought by somebody who has some big weight or might have done something good for the party, or somebody the Government owes something and the Minister could make a decision just like that without saying why, and without the chief and the boss knowing. A joke chief, a joke boss. Joker.

**Sen. Mark:** Watch it!

**Sen. M. Shabazz:** Sorry, Sir.

**Mr. President:** Apparently from what I gather, this debate is descending. Let us uplift it. Please do not delve into personalities, deal with the issues. [*Desk thumping*]

**Sen. M. Shabazz:** Thank you, Mr. President, I will really lift it from where it has descended. We went further to say why these measures were put in place.

Mr. President, when I picked up this Bill and I see a Government that claims to be so caring, so loving and so good, one of the first things I saw was the issue of how they were going to deal with disability. A measure was brought here, they claim that in 1996 it was brought and it has not been working. They are now saying that the disabled people who are given certain benefits now have to give proof and many of these people would have to lose their benefits. I felt very sad for these disabled people. Why did they start it? Why are they coming now to ask us again to make a measure against the disabled in this country based on a sort of mistake that they themselves have made?

When I saw we had to deal with the disabled, Mr. President, through you, the first thing that came to my mind is that before taking away measures from the disabled we seem to have to first deal with the unabled; the people who are unable to govern and carry this country in the direction which it should go; the people who are unable to do the things that should be done; the people who are unable to present a budget to this country. Let us take benefits from those persons over there in that regime who are unable to do what is expected of them, rather than the

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disabled in this country. Clearly, when we look at the way things are going they are unable to do things and govern this country in the manner they should. Let us now deal with the unabled instead of the disabled.

Mr. President, this has far repercussions because there is a lot of wastage taking place in this country and this is what we are trying to present on this side. If that wastage could be stopped or controlled, if we could cut down on a number of those cost overruns we are having on projects, we may not have a number of the problems we are now having in other directions. We have heard the hon. Minister of Public Administration, Sen. Mark, speak about looking at what has happened in this country over the years. Now is the time to look. We cannot control if there was bad spending 20 years ago and in 1956 and 1986. There is nothing we could do to control that. We could control the bad spending and the issues that are happening now!

We could control what is happening at the airport now; we should control what is happening at Flour Mills now, Sir; we could control what is happening with InnCogen now. Let us look at where we are going, let us look at things that are happening. We could control what is happening at Whitehall now, Sir, instead of spending \$5 million or \$35 million. We seems to have a Minister where every project that he touches seems to have cost overruns. Let us control these cost overruns and give benefits to the people of Trinidad and Tobago.

What sense is there in giving pensioners \$100 extra and saying pensioners must reach to \$620 and there is no medicine in the hospitals? There are few beds in the hospitals to the effect that plugs are now being pulled to let people move off because there are only four beds in a hospital. That may not be solely the reason, but there are only four beds in a unit and other people need these beds. Put more beds in the units. This is what you have to do with money. Do you know what the doctor is now saying? He is saying if these people would come off their high horses and ivory towers, because that is where they seem to be, things would go better. Whether he is right or wrong, this regime needs to look at how they do business, how they administer the people's business, how they collect and spend the people's money, so that many of these things that are happening would be better controlled.

So when the old people are given more money they have to buy more tablets, there are no proper health facilities, or operations and the cost of everything is just escalating all the time. I made the point on the last occasion which is indeed a serious point, that there is no ambulance from Chagaramus to Toco/Manzanilla

and if a pensioner who was just given \$100 gets sick, it is \$150 and up to rent an ambulance. And this Government could feel proud about that and say we have only been here for three years?

Mr. President, it is indeed a shame what is happening and how it is happening. We need to deal with the elderly of this country better. We need to deal with the disabled better than we are dealing with them. We need to provide a better health system, we need to provide better transportation, we need to do all these things for the elderly of this country. When we get up and tell them that, they just throw back things at us and say that we did this and we did that. When we tell them about InnCogen, from the *Express* newspaper of December 06, they tell us about a \$4 million man—just as they keep doing. Mr. President, when you look at the *Express* newspaper you find out it is a hoax. Because we told them something was wrong with them, they feel it is an obligation to tell us something that was wrong with us. We are telling them what is wrong with them now and they keep telling us what was wrong with us then.

We have paid our dues for what was wrong with us. Could they pay their dues for what is now wrong with them? They keep making things up, they keep saying things and just keep telling half truths, innuendoes and all sorts of things to confuse the minds of the people of this country. Hear how they negotiate, Mr. President. The hon. Minister of Finance having problems in NCC did a good job, I suppose, got the people together and fought for the money. But after that they are told, “Do not talk to the press; be careful with what you are telling the press, the newspaper reports this.” Mr. President—

**Sen. Mark:** By whom?

**Mr. President:** Senator, very strictly, we seem to be moving out on to a tangent again. What you are saying bears no relevance to the Bill before this House. Please speak to this Bill.

**Sen. M. Shabazz:** Mr. President, I would again speak to the Bill. I do not know if you could ask or if this is possible, there is a contribution that I was answering to, which is Sen. Mark's. You were not here at the point in time.

I do not know if I could change or hold on my contribution, because it might be nice to speak when that debate comes, because there were a number of things said about us, a number of things to which we had to answer—a real laxity stage was given. It is very sad that I speak now without the Vice-President being here. It is sad.

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**4.30 p.m.**

**Mr. President:** Senator, I am saying once more that we have a Bill before us. We seem to have gone off on a tangent and we have a virtual regurgitation of what was presented during the budget and what was presented during another bill earlier on last week or the week before, and we are going back into the same situation on this Bill.

Let us address the issues, please. I made that appeal to you earlier on before you started your contribution. Let us address the issues of the Bill, please.

**Sen. M. Shabazz:** Thank you again, Mr. President.

Mr. President, let us look at the question of the Students Revolving Loan Fund. It is said here that we must recommend to the Minister with responsibility for education, the various courses of study with respect to—

**Mr. President:** Senator, sorry to break into your contribution again, but I think now might be an opportune moment to break for tea.

This sitting is now suspended until 5.05 p.m.

**4.32 p.m.:** *Sitting suspended.*

**5.06 p.m.:** *Sitting resumed.*

**Sen. M. Shabazz:** Mr. President, as I was saying, this is indeed a Bill that would be imposing some measure of taxes on people. It is imposing measures of taxes after we have just heard it said that no new taxes are being imposed on people. Indeed, to some extent, when it is looked at from one angle, it appears to be that no new taxes have really been imposed, but the type of benefits which have been taken away since the coming of this Government, it is as though taxes were imposed—no allowances; no claims for children; no claims for other things; a number of benefits taken away; no personal claims, claims for family, claims for children; all these things; and, after a promise has been made, taxes are indeed increasing in this country daily.

Not only are taxes increasing, but we are seeing food prices increasing by as much as 15 per cent daily. In truth and in fact, taxes are indeed increasing. If we look at the question of the VAT situation and the corporation tax, when the level has risen, a number of people who would have gotten VAT relief are no longer getting that and we have heard here in a previous contribution how much this

Government is doing for the small man and how much it is helping the small man but, in reality, that is not a fact.

This VAT measure interferes with the very small man that the Government says it is seeking to help. This VAT measure does that. When the ceiling is lifted, a number of people who would have gotten relief can no longer get that. How on earth are they helping and assisting the small man? We just heard him say, “No taxes”, but the taxes are being added indirectly.

I have read in today’s newspaper, on page 4 of the *Daily Express*—Business Day—the rise in price which appears as a tax to cement users—they have now spoken about what has been done for housing—will take the average house up by \$5,000. This is a company in which the Government has shares.

**Sen. Mark:** No. We have no shares. You are wrong.

**Sen. M. Shabazz:** Mr. President, I am saying that when situations like these occur—as a matter of fact, even if it is not, we are hearing people talking about importing cement from outside that will be gotten cheaper. It will affect that industry in Trinidad and Tobago; it will affect the cement industry; it will affect people’s work and put people in jeopardy which must be looked at by this Government. So, even if taxes are not being raised, look at the other all round measures and work out how it is going to be dealt with.

It is not only in this. We keep hearing talk about moving from a colonial-type economy. That must not be for just one part of the country; that must be for the whole country. The way they administer the economy, it seems as though it is being done in the very fashion that they would not like it to be done. They seem to do it in a very colonial-type way.

**5.10 p.m.**

The question is not exactly what will happen or how it will happen. Some of the measures, as we say, might be measures worthy of happening, but we do not know how this Government's position changes. They may say today that they want a certain position with insurance, they want to go this way with the VAT, and tomorrow, next week or next month they come back to this Senate asking to revert to the same measure from which they have moved. That is the position with us. We have to sit and think of how we are going to continue to give support to the measures they want us to support because they could come back here at any time and change. Their method of doing things is completely different.

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There are a number of other things we need to look at. It is now being said by the Minister of Finance that he is collecting more revenue from local taxes than from oil prices. Apparently oil is not the way the country has to go because again, he is seeking to take more money through some sort of taxation from the people of this country. It seems as though this is how this country has to be run in the future, as long as this Government continues governing the country in the way it is doing it. Taxes will inevitably have to come from the people and we need to look at how we are going to support these types of measures, since it seems as though this will be the process to find money to run this country. The foreign exchange we have to depend on seems to be lessening all the time.

Take a situation, Mr. President. We pay road tax. We see here that millions of dollars—forty-something million dollars—has been got from the road tax. Where is that money going? In some areas in Trinidad it seems as though these people do not pay road tax because the roads are badly neglected. When one hears the Minister speak about where the roads have been fixed in the last year, one wonders what is really happening with the road tax. Roads and bridges have been fixed and strengthened—the Uriah Butler Highway, Tasker Road, La Fortune, South Trunk Road, Ciperio Road, Manahambre, they are strengthening the Papourie Road, Calcutta Road No. 2, Golconda Road. When they are charging these taxes, they must be distributed in a more equitable fashion than this Government is now doing. If they are going to charge people taxes, let everybody share equitably in these taxes.

They want us to support their Bill, but we have to support it pointing out to them the types of problems they are creating, and it is not just the measures they are asking us to support. Of course, I have heard the hon. Minister ask who would want to go against supporting old age pensioners. He brought the point forcibly. If one did not support this Bill, one went against old age pensioners. They are the wisdom bank of the country and if we go against them, we would not be supporting them. Technically, they are putting us on a spot, but we are saying that the reason we are not supporting it is because they are giving to them with one hand and taking back with the other hand.

**Sen. Mark:** How?

**Sen. M. Shabazz:** This is the point we continue to make. Their aim is to empower people. That is a strong point. They are not charging new taxes but they are taking away all the measures and safety. This is the most tax we are paying.

Concerning the student revolving loan, I heard the hon. Minister speak about \$20 million to be collected. Some have started paying back the money and some have not. When we put it to them that they should have been collecting this money, they started off with a huff and a puff. We found out that there were certain people on that side who were not paying their student revolving loans. They started to pay and all of a sudden we no longer hear about them. Are they still delinquent? They should report to the Senate on what is happening with the student revolving loan. We should not have to file a question, because they are accountable to the people and they should tell the people the reason they could only give them so much money is because certain people are delinquent—some of them even belong to their group—and they are working to ensure that the money is paid to the university fund.

**Sen. Mark:** The bulk is PNM.

**Sen. M. Shabazz:** They are not doing these things and because they are not using the proper method to collect the money, they now have to impose certain pressures on people who deserve it. They are almost telling people what courses they must do because they could only get a certain amount of money. We had a comprehensive plan and in the future when we return, we will ensure that we almost have free education as we had started in the beginning. Because of the availability of the money they are getting, many persons are not able to study what they want to study. That is a very serious issue.

I know that the oil price was US \$10 and I have heard it has gone down. We know they have pressures and they have to tax the people to find more money to keep this economy going. We know that! Even though we do not want to put pressure on the people and we want things to go differently for them, we know the situation in which the Government has found itself. They are saying that because of the international economy and globalization, they must put this kind of pressure on the people to get their plans and the measures implemented. We understand that, but we have to be careful too, because we on this side have always been a caring Government and a caring people, and we have always found ways to not impose taxes on the people; we have always found ways to give people benefits.

With respect to what they call the dependency syndrome, all I would like to tell them is that the dependency syndrome, to the very same small man they were speaking about, has risen to a different level. People at a higher level are now dependent on them to get contracts and all sorts of other things, so they have just raised the level of dependency. They have just changed it from the small man they

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say they want to help to make other people dependent on the economy of this country. The money is going.

When we, as a political party, talk about the misgivings, the wrong things happening and the way people are affected, we talk about it because we know it is important. They have to put their measures in, they have to be tight and strong, the people must not just depend on the state, but it is when the people are in a certain sort of mentality that the country is able to move in a certain way.

I have looked at the Customs Act:

“Paragraph (c) would amend the First Schedule to effect changes in the rate of custom duties in respect of motor vehicles.

Paragraph (d) would amend the Third Schedule to provide for certain tax benefits in respect of the manufacture or generation of electricity.”

I do not understand that fully. I do not know whether it has been put there deliberately or it has been slipped in; whether they want a new schedule of how we generate electricity to facilitate new electrical plants coming into the country. I hope the hon. Minister would explain it. Why do we want to amend the Third Schedule to provide for certain tax benefits in respect of the manufacture or generation of electricity? Will this tax benefit they are going to impose ease some people or is this going to make the country better than it should be?

Mr. President, on this whole question of taxes, I would like to say, as my dear friend has said, we would like to support them but we would like to support them with better explanations. I would like to say before I sit that this Government has proven to be consistent in one thing. Every time I speak they send a particular Senator to deal with me. I would like to sit now and hear that Senator's contribution.

**Sen. Martin Daly:** Mr. President, I want to make a brief contribution about something that has worried me a lot: clause 9 at page 13 of this Bill. This seeks to introduce a new section which gives the Board of Inland Revenue the power to inspect books and records maintained by financial institutions. I am very concerned about this clause and I would like to explain briefly why.

If one looks at the amendments made in the House of Representatives, one will see that this 40A has been extended to include a 40A(3). I will try to explain this as simply as I can. In that 40A(3) there is reference to sections 117 and 118 of the Income Tax Act and that is where my worry lies. As I understand the income tax

legislation at the moment, the Board of Inland Revenue cannot inspect anyone's bank accounts unless and until there is an objection by the taxpayer at which stage, for the purpose of determining the objection, they then obtain the right to look at someone's bank account.

There is no general right at the Inland Revenue Department to look at anyone's bank account. There are a lot of words in sections 117 and 118 of the Income Tax Act, but that is what it boils down to. They have no general right to look at anyone's bank account unless they have made an assessment and the person has objected, and for the purposes of determining the objection, they can then look at the bank account.

**5.25 p.m.**

Now, if we pass this amendment to section 40A(1) on page 13 in the form in which it is, it gives the Board of Inland Revenue a *carte blanche* right to inspect books and records maintained by the financial institutions. Now I understand that it says to ensure that the financial institutions pay the correct tax, but the fact is, if, as I think it is, the purpose of this is to make sure that the financial institutions are deducting from source, interest on savings, then inevitably, to ensure the financial institutions pay the correct tax, it would inevitably lead to an examination, for the first time in our history, by the Inland Revenue Department of people's bank accounts. I think that is something we need to look at very carefully. It sort of slipped in here.

I regret I came out of my other place across the road rather late and I arrived late for the debate, so I do not know if this point has been raised, but I am very worried about it. In a very casual way, and without any debate, we are giving the Board of Inland Revenue a power which it has longed for, I tell you, it has longed to have that power, but has never had it and, no doubt, to amend the Income Tax Act to provide it for the first time might raise arguments about a special majority.

Now, I know that we do not have any vote, rights or much way of influencing this Finance Bill, but I am very worried about this clause and very worried about the abuse of this clause. I think this is one of the many occasions when we cannot afford to be partisan about it, because those who may have the power to 'sic' this clause onto somebody today might be on the receiving end another day. As I mentioned to one of my colleagues, the hunter sometimes becomes the hunted. I am really hoping we could look at this clause and one of my legal colleagues here in the Senate has suggested that maybe the Government might consider an amendment and, with his implicit permission, I am going to circulate it later.

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I would like to suggest that we put in some words of limitation, and perhaps we might say:

“The Board may inspect such books and records maintained by the financial institutions only as may be necessary to ensure that the financial institutions pay the correct tax.”

It seems to me that if we put in these words of limitation, “only as may be necessary”, it does open the way for a bank or a financial institution to say to the agent of the Board of Inland Revenue, if the enquiry appears too wide-ranging, “Now wait a minute, is it really necessary, in order for you to find out if we are deducting the correct amount of taxes at source, it is not really necessary for me to show you what you are asking to see”. I will circulate that in writing.

I know that we are powerless in the Senate on Finance Bills, but I really think it is a matter of considerable importance and it should not be done too casually. I am going to ask the Minister of Finance whether he would give favourable consideration to such an amendment. That is really all I want to say, Mr. President.

Except to remark that I see that the foreign used fees are back on the agenda. Well, I think it is generally known that I am not deterred by unpopularity. I think it is important that I demonstrate that every time I speak. I would not like anybody to think I am getting generous in my comments or that my skin is capable of any form of ill treatment, scathing or otherwise. So let me risk the anger of the established motor car dealers and suggest to them that they would have a much better case—indeed, this may cost me a brief or two, but say what—for persuading the Finance Minister not to give relief at the lower ends of the foreign used market if only they could supply us with parts for the vehicles which we purchase from them.

I know for a fact that people who purchase cars from the established dealers—not in the Bamboo, if you like, the urban established dealers—do have a lot of difficulty in getting fairly basic parts. I had cause to have this discussion with a leading repairer recently and one cannot get basic parts like steering boxes. I needed some part to make my trunk go up and down without my exerting myself and eventually I had to find somebody to import it to me by FedEx and so forth.

Really, I only touch on this for personal reasons, to demonstrate that as always, I really do not care who vex with me. Today it happens to be the dealers. Who knows who may be vex with me, either again or afresh, and that is my real reason for mentioning it. In fact, I am sympathetic to the lowering of these fees at

the lower end of the market, because I think there is a difficulty in getting parts from the dealers.

Thank you, Mr. President.

**Sen. Dr. Eric St. Cyr:** Mr. President, I know this is not the budget debate so I would not drift in that direction, but I must confess that I am in some difficulty, having congratulated the hon. Minister of Finance when he presented the Budget in October and supported him rather strongly on the position of foreign used vehicles. I am sure he would not mind me just quoting what he said there, "One critical aspect of this process is to dampen consumer demand" and I am sure that the hon. Minister recognizes that that statement had less to do with motor vehicles and more to do with economic policy, which is where I would like to make a few comments.

In his contribution, the hon. Minister of Public Administration used the very interesting phrase that the economy has been stabilized and it is the Government's business to maintain that stability. I just want to say here that by stabilizing the economy, what we really mean is that markets are in balance and so there is no inflation. I want to remind us that it took the better part of 15 years of very strict belt tightening, very painful policies which the country as a whole bore, and we managed to get the economy stabilized in the very early nineties and to experience some much longed for growth in the last four or five years, and that with modest inflation. I really do not think that we would be wise to do anything which disrupts that situation.

I am very sympathetic to the lowering of the duty at the lower end of the foreign used car market, except that I know that there are consequences which, for the society as a whole and for the economy, are likely to be detrimental. So, I personally preferred the hon. Minister's position in October. I want this to be very clearly understood.

Just to wind up on that point, there are threats to that price stability. Threats could come from the side of wage inflation and, in my remark a few weeks ago, there was no intention to suggest that wage and salary increases might not be justified, only what might be the consequence of moving in a certain direction.

Just this week we read that a very basic commodity in the construction industry is experiencing a substantial price increase and I believe that from the data we analyzed last October, we saw from the balance of payments that there are indications of a consumer spending spree.

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**5.40 p.m.**

I do think, Sir, that the Government should be advised to very carefully consider all its measures and make sure that we do not trigger an inflation, whether initiated by wage or price increases, or by excessive consumer spending. Therefore, harsh as it might have been, I would have done what I think was necessary. I would really have restrained the putting on our roads of 20,000 or more additional motor vehicles a year.

The second and final comment I would make is to join with my colleague, Sen. Daly—and I hope I do not draw as much of the fire that might come; I do not want to share half of it, I would take a small part—concerning clause 9. [*Laughter*] My concern again, is for the macro economic possibility, because if it is conceived that individual accounts could be inspected by the Board of Inland Revenue, what we would really do is drive deposits overseas and so put pressure on the foreign exchange rate.

With those two comments, Sir, I thank you.

**Sen. Joan Yuille-Williams:** Mr. President, I know that the other Members of the Senate would like to end this debate, therefore, I would facilitate, especially when I do not feel too comfortable about what has happened this afternoon. After the first three contributions, beginning with the hon. Minister, I thought we had deviated into a state which saddened me as a Senator. There were certain statements made during that contribution which forced me to make a contribution this afternoon.

I remember during the budget debate, talking with the hon. Minister—and it was not in confidence, because I think he spoke to the House about it. He said that he was concerned in this budget with two groups: the elderly and the young ones, and he really felt that he should be able to do something for them. I know the hon. Minister, and I thought he was quite genuine when he made those statements.

I also remember during the debate that I had tried to point out some other areas which I thought would have been relevant once we had gone into the areas of those people 65 and over and disadvantaged, because they had to be earning a certain amount to be considered. We needed to look at other areas which surrounded it. I thought he would have done that, but that is not the point I want to make.

I was saddened to hear in the Senate today, where it seemed to me that the Government had gone the way of the \$100 for the old age pensioners so that it could probably look for support from other people—and this is really hurtful—or to get some kind of public relations benefit out of it. I am not sure that when I spoke with the hon. Minister this is what he meant. I want to believe he did not mean it that way, but it has turned out today that if you did not support it, this meant you were not supporting relief for this group. I do not think at this time that we need to use these disadvantaged people—“yesterday's children” who gave so much to us—as scapegoats, to get any type of support.

I am going to proceed as if that was not the intention of this Government. I remembered something similar to this when we were doing another Bill in this Parliament, to open the maximum security prison—I think it was in that Bill—somewhere tagged onto it a clause saying that if you wish you could declare any place a prison. We were all surprised at how that got there. We were very much surprised about it, and said we hoped that because we wanted this maximum security prison opened, that they were not using the opportunity to slip that in. I think we did not even reach the vote, the hon. Minister at that time reasoned and we had a compromise.

I am hoping that we do not use the Senate, the Parliament or groups of people as bait, as the case may be, for things we want to get through. As we did with the now famous “hanging” Bill, regardless of what it is, if we do not believe in what has gone before or if we are unhappy with other areas within the provisions, we will vote against it. This is a Finance Bill in any case, and, therefore, I wish I had not heard this afternoon that those people 65 years and over who are disadvantaged and who had contributed, were being used as scapegoats to get support for this Bill.

I am going back to the original intention—I hope—of the hon. Minister because here we are giving \$100 to the elderly. I had said at that time that if we had a policy for disadvantaged people we needed to see it extended over the entire budget. Even within the Finance Bill, I would have hoped to see where the money was focussed on disadvantaged people. I am saying this simply because I looked through the social policy of the Government and one of the areas that I noticed from the medium term report is the area of the disadvantaged.

Therefore, yes, \$620 to the old age pensioners, but I raise the question of public assistance. I think last year and this year the old age pensioners got \$100,

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yes, they are PNM supporters, yes they are going along and that is all well and good. But the single persons, whose supporters are they? For years they have been getting \$171.15. I would have hoped and I asked that some consideration be given to that group of disadvantaged people, because we are moving to satisfy disadvantaged people. A pensioner is getting \$625, but the single person is getting \$171.15 and a child is given \$158.15 per month. For that child to get this money the father must have either died or it must be proven that he deserted the family or is in prison. For a family of four the total is \$632.80

I asked myself why, therefore, are we discriminating against this disadvantaged group? I feel a little upset to know that nothing has been done. We have been changing policy so I thought with some promise we could have changed in this direction as well. As I said before, one needs to think whether or not these people are important to any political group, and this makes me very sad. I am still hoping that the Government would look at this. Something has to be done, because these figures have been so for a few years, and we are only moving one group. I think in fairness to all we should move the group getting public assistance and let us look at the family of four whose maximum is \$632.88.

Mr. President, at the same time, I want to look at the question of the disability grant. When this Government came into office we had what was called "blind pension" for those 40 years and over. That group of people was able to get assistance under the Public Assistance Act. When this Government came into office—I believe now that it had to do PR because of what is happening today—the name "blind pension" was removed and a disability grant was put in its place. That grant was given to anyone who was termed "disabled".

I know that people got the disability grant for high blood pressure, diabetes, you name it, they got it. In fact, I know people went out to their supporters and encouraged them to apply. Mr. President, if you look at the set of people who applied you would see what I am talking about; large numbers, hundreds applied under that grant. They went to the doctor, were certified disabled under those conditions, and were getting the disability grant which was the same as the pension.

Of course, very quickly last year, the grant was expended; as we would say in Trinidad parlance, "the grant bus". Notices were sent out to the different local boards letting the officers know that the grant was being abused and they were to

be more careful; but no more grants were approved. Genuinely disabled people could not get onto it because there was no more money.

This year, what has happened is that the Government has recognized that it could not continue—I must call it PR at this time—it has gone back on the original and changed policy. There were no policies as I see it. They have gone back to a different way of screening these disabled persons. When they were screened before, disabled persons had to get a government medical officer to certify them as handicapped with a disability—it is all there in the Public Assistance Act—and that was adequate for the local board.

Apparently the Government has now lost faith in the government medical officers and section (d) of the Public Assistance Act, Chap. 33:3 which calls for certification by a government medical officer has now been removed and a new (d) has been substituted which says that in the opinion of the Local Board a person must be so disabled that he is unable to earn a livelihood. So they are seeing to it that the local board members would now decide who are the disabled in our society to get this grant.

I am aware that there is need for some kind of tightening up on this method of screening. As I said before, when they just came into office, they were very excited and felt that the PNM had been doing these disabled people all kinds of evil things for 34 years. They had to sympathize, open up the gates, give everybody a chance, and they did it. But they soon understood that there must be rules, regulations, and a policy to do it. [*Desk thumping*] They did not have a policy, but just opened the floodgates and the money was expended quickly.

Now that they have decided something has to be done, they have removed the government medical officer and decided that the board would be the deciding body. I do not think, as far as I am concerned, that is what it should be. Something has to be done with regard to how we decide who gets the disability grant; who are the people who screened.

One psychiatric nurse told me that sometimes psychiatric persons can sit there and you cannot tell whether they are disabled or not. It would be very difficult for the board to come up with that decision, and the members in some cases, are people who would support the Government or whom the Government wished to thank. Sometimes these boards have people who have no special medical background or anything like that, and in fairness to its members they have to sit and watch persons to say whether they consider them disabled or not, then in the

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opinion of the board that person is eligible for the disability grant. We have to do much better than that.

You have a problem, but you have to find a solution. This is certainly not the solution to the problem of controlling the floodgates of the disability grant which have opened up and which have to be maintained. You cannot go back on all those people and tell them that they were disabled then but are not disabled now and so they have to start handing back all the money. From what the legislation says it should be at the same level as the old age pension, so it should be \$620 each for them. We have to go right back on that and continue maintaining those, as well as give the other people who are really disabled.

We should remember that the disability grant is not for people 65 years and over, but for people 40 years old and over. We have hundreds of people who are 40 years and over, getting the benefit of this disability grant. I think that in all fairness to us, we have to see how this is done, because genuinely disabled people could come before that board and be denied that disability grant. This is going to be very subjective now since the government medical officer has been removed. At least now, genuinely disabled people could go there.

We will soon hear people crying out for discrimination, one set of people getting the grant and another not getting it. We have to do a lot better than that and make it more transparent. I am supporting any assistance that genuinely disabled people can have. There should be no discrimination. As it stands now there could be problems. I am hoping that the Government would look at it. That is part of the caring that should come in: the public assistance for those who are disabled.

At the same time while we are talking about money and benefits, I am going to reiterate what I had said in the budget debate in terms of the survivor's benefit for the NIS people. It is still \$28 per week. This is not against the hon. Minister in particular, but there might be a minister of finance with a vision, but there must be a ministry that supports and could come forward somehow to show all these details and say, "Look, if you are doing this, these are the other things that come out of it." The poor Minister of Finance would not have known all these little details, but somebody in a ministry must support it and say, "If we are putting this for the disabled it means that we are not going to get the results we want, we are going to be discriminating."

If you give \$620 to pensioners, what about the \$171 to the single persons? What about the \$28 per week for the survivor's benefit? We did increase the NIS pension. Very well, a nice pension, but the survivor's benefit; somebody should

have pointed it out to the hon. Minister. Probably he forgot, because I am sure he is genuinely looking at how best—and I believe that he is not doing it with a political face, as some people want to imply here this afternoon—to help the disadvantaged group.

Thus, when we are talking about sharing the cake, levelling the playing field, what we are giving to all those firms, and who are getting tax relief and benefits, and all those nice things that run into millions and sometimes billions, still remember that the child of an NIS contributor is only getting \$11.40 per week and the wife, \$28 a week. That is where I am positioning myself this afternoon. I am forgetting the billions going all over the place, all who are getting land at what price and all that kind of thing. Let us at least look at the people we have here, the disadvantaged. You know how many of those persons could have benefited from small sums of money?

**5.55 p.m.**

The point remains that why people are now looking at certain things being done by this Government is because of the levels of appropriation of moneys. You are either quite up there or you are down there and that is what brings certain things into focus. Why should we be standing here talking about \$28 per week and \$11.40 per week for a child and we looked at what others have had and we need to correct it? We have to be serious about it. I am serious about it. This is not to bring any political mileage to PNM, but we have people suffering and that is what gets the population angry. So this afternoon when people get up and get angry and start almost tearing themselves apart and trying to go back into the history of what has happened and all that kind of nonsense, if we had only focussed ourselves and listened to some contributions to hear where people were coming from, then we would understand.

I feel when contributions like that are made it helps the Government so that you see where people are coming from. We represent a constituency of people out there just as you do. We represent the single people out there whom this Government believes do not belong to any political group. Therefore, I am saying \$620 to the aged, yes and do not make it political. I do not think the hon. Minister had politics in his mind when he was looking at that group. But the single persons, the children, the family. A family of four getting \$632.80. We need to look at those families. How you do it, I do not know but I think we need to look at it. The survivors, \$28 per week for the adult and \$11.40 per week per child, we need to look at that. The disabled, we need to look to see whether or not a local board is

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capable of determining whether or not someone is disabled. We do not want to discriminate against anybody. We do not want people to say "I went in to the board today and they told me I am not disabled and look Harry just came in and they said he was disabled." When we remove the government medical officer out of these positions, discriminatory practices may happen.

I have the Bill and I know what I am talking about. Notwithstanding what it says, the Director, if he sees it fit, may refer the applicant. I am saying that you have removed the 11(a)(1):

"He is certified by a government medical officer as handicapped with a disability that is attributable to an intellectual, psychiatric, sensory or physical impairment or combination of such impairment is permanent or likely to be permanent and results in inability to earn a living."

That section was removed and you have put in:

"He is, in the opinion of the local board so disabled that he is unable to earn a

The local board has a big decision to make in the disability and I rest with that, Mr. President.

I would now refer to the young people. I want to make one comment on something which I raised at another point in time. At that time the hon. Minister gave me a hearing and he told me that he was going to look at it because, again, he said he was supporting another group of people, that is young people. He was talking about the training and education of young people and I remembered him, when I talked about FUNDAid, I remember saying that I had some people who had gone to FUNDAid to get loans and what had happened with FUNDAid and the disbursement of the loan and he said he was going to have it checked which I thought he would have done. He also said on that day that he was going to put some money into FUNDAid because he was interested in the training of young people. I think, if I am not mistaken, he said he was going to Small Business Development to supervise it in some way. I cannot go into all the details of it now because I did not go back to the *Hansard* to find out. But, surprisingly, yesterday when I looked at page 4 of the *Express* of December 7, 1998 I saw this article which struck me. It said:

"FundAid wants Government to keep \$28 million promise

organisation has had to temporarily suspend lending for a number of months because of the huge increase in the number of viable projects received since the commitment was made.”

I am looking at this picture and I am seeing another hon. Minister sitting there who went to that function so he would have heard the comment. I think the Chairman also said the organization was really trying to provide the kind of Trinidad and Tobago that we would like to have, one in which a person, anyone can dream, aspire, set goals, plan, implement and achieve in a supportive environment of love, understanding and humility.

Mr. President, this fund is for young people. You send these people out for training, they have come in there to get this money to set up their businesses and if the Chairman was saying they could dream, aspire, set goals and plan, all that you are doing by not giving them the money is dashing their hopes and frustrating a number of young people. That does not keep in line with what I heard articulated in this Parliament about what the Government plans for young people.

Sometimes they like to criticize other people and say they are not doing anything for young people but when they have the chance to do things for young people they make the promises three years ago and nothing has been done since. Another Minister who was there and who represented the hon. Minister talked about \$150 million for the enterprise development support programme and that was expected to develop and encourage a spirit of business enterprise beginning in the primary schools.

I can read this over and over and over again. They are going for \$150 million in another programme but the \$28 million that they asked for three years ago has not been delivered. I hope the \$5 million which was supposed to be given this year went out.

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Therefore, it is not in keeping with what I was told, that assistance would have been directed to the elderly and to the young people. I was a bit disappointed with this and I hope that something would be done very soon. I would like the hon. Minister—and I know that he follows this—to tell us what has happened with that \$28 million for FUNDAid and whether or not—as he has said, that he had problems with FUNDAid and how they managed their affairs, I do not know—it went into the small business development because I was looking at the medium term and I noticed where a lot of the business activities were going to be placed under small business. In that case small business would need a lot more assistance in terms of management skills and a lot more money because you can put many things in small business and say we have it there but we would also have to look into the organization to see what is happening.

This has come into all that we have been talking about when we talk about policy and programmes, and not something where we are just going to see an area and throw something into it and expect that it would develop into some other thing that we can sell. We are in the business not just of selling things that sound and look good. We are running a country and I think it is important for us to have the kind of programme that could keep a country going. We know where we are going we know what is coming next, we know what is building up in it.

Mr. President, when I talk about policies and programmes, on that same *Express* of December 07, 1998 I saw where publishers were complaining about the money charged for the textbook review committee. The headline was “Publishers seek to avoid another textbook fiasco”. If anybody read that article you would understand what I am saying. We are just moving without any kind of direction. We are just outing fires around certain places. If the publishers are complaining and saying we may get another fiasco because look at the time of the year they have not got anything, they are going to rush it again, I am saying oh my goodness, our young people whom they say they have a programme for, you are going to run into them again with a new set of books and that kind of thing; a new set of errors and the whole works and we are just going round and round in circles.

I have to agree with my colleague, Sen. Shabazz. Let us address the problems we have today. This is a historical thing. That we want to go back in history over time is doing us no good as a nation. We need to address what is happening to us now. We have to look in the future. What we could do is learn from the past. Let the past inform us. We have many lessons to learn from the past but we need to see the things we want to do now and move forward. The promises we have made to the young people, let us see if we can put them on stream.

This is December, January is going to be here, we have said we are going to do a whole lot of things. I know the hon. Minister said that sometimes he has to break a promise and he is not afraid to break a promise when he has to do so, but sometimes I feel a promise need not be broken if others could support what is said. Sometimes I wonder where is that kind of team spirit that will help us through.

My business is really, what we are looking at. We are looking at what is best for the people and how we can take Trinidad and Tobago forward. There is so much happening out there. People are getting agitated and angry and are quarreling because they are not seeing any set direction in which we need to take this country. Every morning you get up you hear something else like it is dropping from the sky. Things are just coming down on us and we are just hearing what is happening and we are moving in certain unknown directions and that is going on a little too much. Somebody called me on the phone and said "You know that Tasker Road they are doing up there some firm, Jaipur from India is going to come and invest in some factory." I said to myself, "Do not come again, we are tired of hearing who coming from where." It might not be so, but people are creating things. We are giving people that whole space to create because so many things are happening and they are not planned.

I was a little disappointed that we have returned today to hear that our elderly people are being used, to hear that the other disadvantaged people were not taken care of, to hear that with respect to the young people, all the talk about training they have not done.

I did not wish to talk about this but with respect to the Student Revolving Loan Fund I am happy to see something said about it. But, again we can put this in here many times and it is not properly managed and the whole thing will fall apart. We have to manage it and when you are talking about what is in the past, I still say you can go back and look for some of the money that is out there. If we have to do things in the past and we are short of money for the fund, clearly we need to go back to some of the people who owe because, at some point in time, I heard names called and all the people who owed money their names were called in this Parliament. If I have to go back in time, I am not going back to find out what happened 30 or 40 years ago that I can do nothing about now; I would go back to look for some of that funding that I can put into the Student Revolving Loan Fund because I know this is a most useful fund. If it is well managed a lot can be done. I know when this fell apart the banks came in and took up the space but their rates of interest were very high and you could always get a letter at some point of the year telling you in the next three months it is going to go up again by another 2 per

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cent. Therefore, on behalf of the students and all those who will need this fund I am asking you to really ensure that you put systems in place so that students can get the money and that they will repay the loan.

**6.10 p.m.**

I notice that they were for particular courses, but I still think that the Minister needs to look at it. I do not know who decides, but I think sometimes the courses which you do are done according to the policy which the Government wishes to carry out. If you find within your system there is a shortage of a certain number of professionals in that particular area, you would like to direct much more money in that area. Again, if you do not have a proper policy, or plan to know where you are going down the line, you will not even know the kind of professionals or skills you would need to direct the kind of money there; maybe directing money and skills which 10, 15 or 20 years ago we may not necessarily need in the next 10 years down the line. You yourself like to talk about the new millennium.

I would think you do not need to even review the background to it. Somehow, the direction of the funding and if you say the following courses of study approved by the Minister responsible for education. It is not only with responsibility for education, but that education must think of the policies which it would like to carry out and, therefore, the areas of focus of the money from this fund should go in that direction. It could be left up to the Ministry of Education alone, as I felt that the Minister of Finance has been left alone and you would not get the benefit or the rewards from money on which you are giving this Student Revolving Loan Fund.

I think you need to look at it very closely and give us the comfort that it is more than the Minister of Education who would decide what courses. If he has to articulate it, it must be informed by some policy or something you would like to have.

Mr. President, I thank you for the opportunity to make my contribution and genuinely hope that the hon. Minister in all honesty would at least give some response in some of the areas I have called. I am not here to criticize his thoughts, but I think in some of the measures which he had said, the lack of support from other departments did not inform exactly how we proceeded this afternoon.

**PROCEDURAL MOTION**

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. President, in accordance with Standing Order 9(8) I beg to move that the Senate continues to sit until the conclusion of the matter now before it.

*Question put and agreed to.*

**FINANCE BILL**

**Sen. Prof. Kenneth Ramchand:** Mr. President, I have a number of points relating to ordinary people. I think budget exercises of which this Finance Bill is a part should have at their centre not privileged groups, but the majority of people who live under the poverty line. They should have the aged, the disabled, and the young at the centre. Budget exercises should ensure that the resources of a country are equitably distributed.

I have heard it said during the debate that taxes have not gone up, but I have also heard it said, and it is true, that prices are going up all around and although the purpose of this Bill is not to address such questions as the rise in prices and the cost of living, some of the things which I have to say are being said within the context of rising prices.

When somebody said that the price of cement had gone up, the Government was very quick to say, do not blame us, we have sold our shares. To say you have sold your shares is not an excuse. In fact, to say you have sold your shares is perhaps a confession that the policy of selling your shares is wrong, because you are now putting the resources of the country in hands that you cannot control. If the people who are selling cement put the price of cement up and you say—

**Sen. Kuei Tung:** Those shares which we sold, we really had no control when we came into office.

**Sen. Prof. K. Ramchand:** Thank you, very much. Mr. President, I really want to speak about the Student Revolving Loan Fund, to make a comment on motor vehicles, and say something about foreign exchange.

Firstly, the Student Revolving Loan Fund I think it is a very important provision. I have not read the background to it and why it was brought in and so forth, but it seems to me that the way in which families operate these days sometimes parents take no responsibility for their children, sometimes they are sitting on their children and forcing them to do what the parents want the children to do. The Student Revolving Loan Fund is an opportunity for a motivated and ambitious young person to say, I want to study so and so and I am going to

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borrow money, try to get my degree, and I will pay it back while I work. I think that gives a great deal of independence. Ideally, the Student Revolving Loan Fund gives a great deal of independence to a young person and since it has come up in this Bill I would like to make a suggestion about it.

A number of parents I know have signed as guarantors for loans and the child either deliberately does not work and drops out, or the child gets his degree and refuses to pay and the parents become liable. I would like to see some kind of modification of the Student Revolving Loan Fund to allow the decision to give a loan to be based upon the student's assurance that he would pay back the loan and the parents should be released and relieved from having to sign as guarantors to the loan. If the state wants to do something for young people who wish to study and they wish to apply, the state must develop a system to ensure that the responsibility for repaying the loan is placed on the student and not on his parent or relative and it must then devise mechanisms to extract that money out of the student when he graduates.

The second matter to which I want to refer has to do with the apparent confusion over motor vehicles—whether you should tax or do not tax. As Sen. Prof. Kenny had pointed out, this is not really a confusion over what to charge for the motor vehicles, but an uncertainty about transport policy and road policy.

He mentioned the “PH”. The Government knows very well that there are thousands of private vehicles plying for hire and it is doing nothing to stop it. There should be a campaign to put an end to this. The Government knows that there is a proliferation of maxi taxis with all their diesel emission and bad driving on the road, but the Government does not wish to devise a transport policy which would drive these maxi taxi drivers off the road because it is afraid it would create unemployment. You cannot allow maxi taxis to proliferate because you do not wish to create unemployment. I think it is the responsibility of the Government to take some of the congestion and pollution off the roads and provide a decent public transport system and make it work, and I do not mean bringing foreign consultants to do it.

The people of this country can run a public transport system and I do not know why Government does not want to believe that, and why they have to leave it to this chaotic private enterprise system called the maxi taxi and the “ ” system. So I am relating the vacillation or uncertainty about how much to tax for motor vehicles to the larger question of the lack of a public transport policy. I have heard mutterings from time to time about bringing back the trains. I really wish the

Government would think about reinstating some kind of train system in this country.

The third subject to which I want to refer is something to which Sen. Diana Mahabir-Wyatt has already referred. I support her in her argument that it surely must be an ambiguity or a mistake that the provision seems to operate against single parents. There is no reason why a single parent should not get the allowance, while two people living together in a house are getting it. I hope the Minister listened to Sen. Mahabir-Wyatt's arguments and will be addressing them.

I think there is a problem about clause 4. For convenience and to make sure that a couple does not claim more than \$36,000, two items have been put together which really do not belong together. I wish it could be redrafted with one subsection talking about a person, or a person and spouse occupying a resident being each eligible for the \$18,000. Each of them \$18,000 with respect to the house. They are also eligible for the tertiary education grant, but there should be a third clause saying that however the allowances are combined, the total must not exceed a maximum of \$18,000 in respect of each spouse. I think this lumpy one needs to be broken down into three parts saying you could get this and this, but you cannot get more than that. And in the first part, when you clarify the one about the man and his wife, or the woman and husband who are living together, make it clear that single parents can get it too.

Finally, I have to go to my hobby horse, a licence for which has been granted to me by a previous speaker's reference. I think the point I am about to make is very relevant because the Bill speaks about giving encouragement to businessmen and Sen. Mark spoke about the accolades we get for tourism. It is not the first time I am going to say it and it is not the first time people are going to laugh at me, but I believe that the legal tender in Trinidad and Tobago should be the Trinidad and Tobago dollar, and a way should be found to make people deposit their foreign currency at ports of entry and be given receipts, and when they are leaving, if they have not spent it they get back their money to go out. I do not see that this cannot be done. It is done in Jamaica. *[Laughter]* You could laugh, but it is done in Jamaica so I would really like to get a good argument about why it cannot be done here.

When I brought this up in 1991 the then Minister said he did not want to inconvenience the tourists. I do not think it would inconvenience the tourists, so I would really like to know why we cannot declare that the legal tender in this country is the Trinidad and Tobago dollar. I would really like to know if there is a

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good reason why it cannot be done. Do not tell me plastic, because there are people who come here with their credit cards and can access their accounts through their credit cards. So do not tell me they cannot, they can do it and credit cards cannot be the excuse. The advantage of it is that the foreign currency which comes to the country comes to the country, it does not go to private individuals.

**6.25 p.m.**

Much of the money that we spend bringing in foreign currency is lost to the coffers of the state with a case in point being tourism. Again and again, I have said—and nobody has challenged me because maybe they feel it is too stupid—that I think more money is spent encouraging tourism than we earn from tourism. I feel tourism is a greater loser of dollars than Caroni.

I do not see how a “Silver Star” award could be given, or whatever it is—a “Crystal Palace” award—for tourism if so much is being spent on tourism and we are not getting back a cent. Tourism is a loss to the country.

**Sen. Marshall:** The foreigners gave us the award.

**Sen. Prof. K. Ramchand.** The foreigners gave us the award because it is an award for stupidity. “You are ‘bobolee’; take the ‘Crystal Palace’ award; we will take your US dollars.” The foreign airlines are getting it; the foreign hotels are getting it; the big hotels are getting it; the commercial banks are getting it; but the Government is not getting it. The Government is doling out all its cash to encourage tourism, but the country is not getting the foreign exchange.

Mr. President, those are the comments I have on this Finance Bill. I thank you very much.

**Sen. Selwyn John:** Mr. President, I was a little surprised at the last remark by Sen. Prof. Ramchand. I always thought, growing up in the trade union movement, that one of the vehicles to creating employment was the tourist industry. At one time, it was horse racing. I think it is well documented that tourism could assist quite a lot in the creation of employment and, if it is well handled, it is a good vehicle to creating jobs and I feel that whatever we could do as law makers and as leaders in the community to encourage a good tourist industry, that it would assist this country.

Mr. President, with your permission, I want to pay tribute to two of our local people who have recently passed away and who made an immense contribution to

the community. One was Frank Mohan, a former legal officer in the government service. He was buried just last week and I feel that my tribute to him would be the contribution made to the workers of this country, having served as Chairman of the National Insurance Appeals Tribunal.

He was one of the first chairmen appointed and the precedence for decisions taken during his era still stand today, so that many workers who, normally, would have been denied their benefits under the National Insurance Scheme, having gone to the tribunal, would have been able to benefit by the rulings made in that tribunal chaired by Frank Mohan. I believe we owe a debt to people like that who have served.

The other was a younger person, Mrs. Florabelle Nurse, late secretary and head of the legal department of the Environmental Management Authority. I feel that Sen. Prof. Kenny, too, would have paid tribute to this person. She served just one week short of a year in that position, but her contribution to the development of the authority that is still finding its path and still creeping to be recognized and established, was immense.

What I admire of that person was the fact that at 49, few public servants are found who would come out to put in a 12-hour day's work in the public service and still find time to do other public service, in that I understand she was a lecturer in land and legal planning—the legal aspect of land planning and so forth—at the university.

I thought I would mention it here because people like that are not generally found and, when there are losses like that, they impact on the country and on our ability to provide these kinds of service.

On the Bill itself, Mr. President, I was a little surprised at the trend taken. I thought the election campaign had started here in the Senate for the year 2000. What we had before us was that the provisions in the budget that we have already passed and for which most of us had voted in favour, were now being brought in the form of a Bill for its implementation and, by now, we should have left this Chamber for home. But, be that as it may, we are still discussing it and we are still looking at these provisions, even though some of us raised the very issues that have been brought today, during the budget debate and, notwithstanding that the budget was passed as it is here, it is just awaiting the implementation of these provisions to be made law.

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Let me also say, Mr. President, that with the difficulty that some of us are talking about and experiencing, and some of the statements which have been made during the course of this debate, the dealings of people with the multilateral agencies and all these things, one would have hoped that we would not get up to urge people like me to get up and speak. I would support that.

But then, how many of us know that Trinidad and Tobago are members of the International Monetary Fund? We are members there and this country has an opportunity of having the fund look at our operations; in fact, do a free audit for us, so that if this country applies to any of the multilateral lending agencies for a loan, the particular agency would look at the recommendations and comments made by the International Monetary Fund and that is used internationally.

I am not talking about those people who are in fear when the country applies to the International Monetary Fund for bail out and so forth. That is another aspect of the International Monetary Fund's operation. But, we in the labour movement are a bit lucky that we meet with all these agencies when they come to Trinidad and Tobago on their annual visits and we hold discussions with them and get an understanding of the economies, insofar as the labour movement is concerned.

As a matter of fact, we are getting a little concerned now that with all the belt tightening and all the sacrifices which have been made over the years the time has come now for us to cash in; that we have created the economy in such a way that it has shown results; but, to me, the only people who are not benefiting are the workers of this country.

Regrettably, even today as I stand here, I have to be fighting for people who are unduly laid off at this time of the year and there is no hope in trying to resolve issues of workers who are unemployed and the trend—a ministry of the Government is involved; and the private sector, seeing what is going on in the public sector, has taken cue.

At this time of the year, there are a number of workers being laid off when people are appealing to employers to provide some employment for people who are unemployed. It is not merely a question of some of us providing assistance by sharing hampers at this time of the year, or providing a meal for charity, or going in church with a white basket or anything like that. It is a question of what do we do as a government, as people, as leaders in the community, to provide that one mean in the economy that could help in assisting families so that they do not have to go begging for charity, which is the question of jobs and where the line is

crossed as to the propriety or otherwise of putting people out of employment at this time.

Before I fall in the trap of being called on a point of order—

**Sen. Jagmohan:** But you are on that side! [*Laughter*]

**Sen. S. John:**—the point I want to make is that maybe we are all wasting time; maybe we are coming here for the sake of just talking and not acting; and maybe when the budget was being discussed, even though we had an objection to any part of it, the fact that it was passed, requires us at this stage to agree on the implementation of those matters that were passed in the budget and are now for implementation.

You see, Mr. President, I would have liked to see us in this Chamber deciding that on the other side, maybe one or two people would speak on a particular matter and, if there was need for somebody else to add, yes. But, we get some very long speeches that are not relevant sometimes to the issues.

**Mr. President:** Senator, that is not for you to determine.

**Sen. S. John:** Sorry, Sir. Let me withdraw that, Mr. President.

Sometimes, in contributing to the matters before us, we miss the point on the subject we have to speak on, so it takes us a long time to get matters passed in the Senate.

Mr. President, included in this Bill, we have one of the better provisions over the years—the question of the income tax provision of people with claims of \$50,000 and less who may not be required to file a return. I am saying that is one of the benefits that workers in this country would enjoy, a very cumbersome exercise of people having to prepare tax returns and sometimes they do not even remember what they have to do; some of them forget they had to prepare it and in the end they have to pay penalties and all these things. In this Bill, we are required now to agree for its implementation and to support the recommendation of the Bill to have that included.

Let me say that even though I am on this side, I do not readily agree that—while the relief for the foreign used vehicles would be welcome, we must do something to phase out these things. I have been to Japan and seen how these things operate. These are really scrapped vehicles. According to Japanese law, these vehicles have to be scrapped after four years and these vehicles are taken to a lot to be scrapped where the machine crumbles them and they are recycled. What happens is, a number of countries including Trinidad and Tobago, have

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representatives in Japan who go from lot to lot to buy vehicles. Therefore, what they are dumping in Japan, ends up in Trinidad and Tobago and is killing us, not in terms of the foreign exchange alone that goes out, but by the pollution being created and, within a few years, the real problem would be seen.

**6.40 p.m.**

The real problem would be that when the anti-pollution law on motor vehicles is fully implemented, most of these vehicles may not be able to stay on the road. Once the vapour is visible from the exhaust, these vehicles could be taken off the road and unless one could get it repaired to the extent that one does not see a visible vapour, it may not be able to run. People are investing a lot of money and there are people stationed in Japan just to go to these scrap yards to get these vehicles and we are the dumping ground. I understand it is a big trade in the Caribbean. All that most of the Caribbean islands have is these foreign used vehicles. I think sooner than later they would end up inevitably on the scrap heap themselves, but I think something ought to be done. As the Professor is a member of the board of the EMA, I would urge them to examine this and come up with proposals as to what recommendations could be made to Government to deal with issues like this, and more so, to prevent a calamity later down the road.

Mr. President, this Bill does not need much more talk. We have already gone through this, all of the items here have been debated in the budget and I could only hope they could readily support it. Thank you.

**Sen. Mahadeo Jagmohan:** Mr. President and honourable Members of this Senate, I am glad for the opportunity to speak briefly on the Bill before the Senate. Permit me to state that we are in a much better position tonight than we were on certain previous occasions. I say that against the background that the Clerk of the Senate circulated information to us that if this Bill came up, it would be taken through all its stages on this occasion and I am glad for that. So, we were all forewarned that there is likely to be a late sitting. This is how it should be done. Allow me with all the humility at my disposal to congratulate you and compliment you on this aspect of today's sitting.

I want to begin, Sir, by stating that it is not in this document, but it was taken out of the original budget, I believe. It was proposed last year that the labour movement, that is the National Trade Union Centre, be given a certain sum of money for institutional strengthening. That may not have been implemented, but in interfacing and speaking with a number of people in the labour movement, it seems that there is a dire need for that, particularly as it is now necessary for the labour movement to have more

research done than previously. I am urging the Government to give some consideration in some form to let the National Trade Union Centre have this money for its institutional strengthening; that sum or another sum.

The speaker before me alluded to it and he has a legitimate nexus in that regard. There is a tremendous amount of uneasiness in the country, and quite so, the private sector is taking a cue from it. When workers are to be retrenched or laid off, where there is a recognized majority union, the recognized majority union must be engaged in discussion, regardless of what the final decision would be. We heard from the leader of the recognized majority union for workers in the Ministry of Works and Transport that 3,000 workers were unceremoniously retrenched without any discussions. Some were taken back on and the others are still languishing in the thought that they are unemployed and they do not even know when they will be re-employed.

For the past three years, the People's National Movement has been advocating that the time is now ripe for the establishment of a branch of the Cipriani College of Labour and Corporative Studies in South Trinidad with a base in San Fernando, and the Minister of Public Administration had been in his speeches here somewhat sympathetic with this thought, but I did not hear him today. He appeared to be in a different kind of mood. *[Laughter]* I do not know what motivated that, but it seems to me that each time one of my colleagues speaks, it causes some problems. I hope that the hon. Minister who is the Leader of Government Business and in charge of public administration would pay some attention to this point.

With respect to the NIS increased benefits—the Minister of Finance might be happy to hear about it—regardless of whether *Hansard* took it up or the newspaper reported it partially, the mass of the people in the country who are entitled to NIS benefits know nothing of what went on in the Parliament. It might be necessary to do some public relations by way of having each branch of the National Insurance Board go to the employers in their area and speak to heads of departments; whatever is necessary. I sincerely hope that the Minister of Finance would give thought to this.

We have learnt of the Student Revolving Loan Fund. Very competent people in the Senate have spoken on it, but I have heard—I am subject to correction—that for the study of medicine, the amount of the student loan is \$100,000. Can \$100,000 see somebody through the study of medicine, whether they go for the MD or the M.B.B.S.? This sounds impossible. Some consideration has to be given to change that.

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We are still of the view that everything should be done to assist workers and ease them of the burden of not having to do several things with respect to income tax payments, but this is a dangerous thing that is about to take place where people who are up to a ceiling of \$50,000 would not be required to file an income tax return. I said it in my budget contribution and I say it today, suppose there are persons who decide to do other kinds of recordings and perhaps help themselves and not the workers? I am talking about the unscrupulous behaviour of certain employers; not all.

It is very sad and regrettable—I do not know how the *Hansard* record will carry it—but the hon. Leader of Government Business was very enthusiastic and he became animated when he made the point that the last Government sold the Trinidad and Tobago Electricity Commission (T&TEC). Sir, I wish to remind this Parliament that the last Government did not sell T&TEC. The last Government sold 49 per cent of the generating capacity of T&TEC. The Government still holds 51 per cent of the generating capacity, that is Powergen and for an influential person such as the Leader of Government Business and the person in charge of the public service to make such a statement—

**Sen. Mohammed:** Reckless!

**Sen. M. Jagmohan:** I am sorry it is made already but the hon. leader should guard against going in these directions in the future. [*Desk thumping*]

**Sen. Mark:** You still sell out!

**Sen. M. Jagmohan:** Sen. Joan Yuille-Williams went a long way in examining the present arrangement to pay public assistance to disabled persons and how the tribunal is run with no medical person. That, Sir, is a very poor arrangement and the Government must re-examine that quickly and not let the disabled people know much about this, or else, I do not know what will happen. It can have serious consequences.

I now come to a point and only the Government can deal with this: the question of food prices as it affects the entire nation. Notwithstanding that the old age pension has been increased, notwithstanding that there are wage increases here and there for several groups of workers, there is absolutely no control on the escalation of the price of food. The Minister of Finance has machinery at his disposal that he can use in the interim, from now to another budget, to control prices of staple food items and if he does this, the whole country will praise him for it. He does not have a constituency to fight an election to win, but he might have the support of all the people who are in trouble with respect to their food bills.

The hon. Minister of Finance announced a date when the actual pension plan would be implemented for Government daily-paid workers—the largest group of workers in Trinidad and Tobago. I expected the speaker before me to mention this because he is the independent voice of the labour movement on the Government Bench, a good choice by the Government. There is no single group that is larger than the Government's daily-paid sector. We have information coming out that while the Minister of Finance has promised this would be implemented soon, another firm of actuaries is double checking the work of the first firm of actuaries to see what was done, what is being done and what is likely to emerge as the final decision. We plead, on behalf of people who need help in that regard, that the Minister of Finance double checks this himself. Being a professional, he may not be able to do much, but his technical officers will be able to follow this up and do what is right and should be done.

**6.55 p.m.**

There is a very important issue in the country and the budget deals with that time after time. A number of people who are interested in Trinidad and Tobago, they are *bona fide* Trinidadians and Tobagonians and they want to see our lovely country progress. As I speak here now, I speak for a large constituency of people who have a concern about the importation of luxury goods into Trinidad and Tobago with no control, no management, it is like an open floodgate to let luxury goods come in and let foreign exchange go out of the country. What we are saying, we must avail ourselves of certain types of goods from abroad. For example, we cannot avoid importation of computers and everything else that goes with computers, but after all, there are certain other types of goods that we could think about controlling. I could find myself in trouble if I identify certain goods and items. *[Interruption]* I am not talking about BMWs.

**Sen. Daly:** Volvo, Volvo.

**Sen. M. Jagmohan:** A Volvo is a very good machine.

Can we get a promise in the Minister's winding-up that the Government will give some consideration to the free flow of an unending quantity of luxury goods into our country?

I am throwing this directly into the lap of the Minister of Public Administration. There is a group of young people—and a lot was said about young people—who are now engaged or employed or being trained, they are referred to as on-the-job trainees. They are in the civil and teaching services. I am singling out

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my observation and my information to those in the teaching service. For this term that will end on Friday, December 11, 1998 they have not received their allowances. I think they are slated to receive \$40.00 per day at the end of each calendar month. Up to this point, I had information up to last night, that some of the people have not yet received their allowances. It will be a nice thing if they receive it before Christmas.

Mr. President, this is the Yuletide season, the season of goodwill among men, however it is said, and we should pay cognizance to that, but those of us who have to drive or travel in public service vehicles in and around from Chaguanas to South Trinidad, are having nightmares daily. We suffer immensely. I want to state that all persons must be prepared to make sacrifices where development programmes are taking place for the betterment of all the people. We are conscious of that. Those who have pioneered have suffered. If we are living through the period when certain development works are taking place from Chaguanas down to South, we do not mind some of the hardships, but we certainly mind the amount of difficulties on that refurbishing or refixing of the highway. We compliment whoever is in charge—Government or Minister—for having the vision and foresight and thinking about fixing there, but many aspects of that project are unprofessional. [*Desk thumping*]

Someone might ask me what do I mean. You are not sure how they will place the barrels or the drums when you are going down tonight. [*Desk thumping*] You will have it fixed in your head how it was placed last night, but you do not know how it will be placed tonight. The thing showing the arrow, where to go, you do not know if you will see any. [*Desk thumping*] So, my information is that of an expert. The expertise I am talking about is that we go on the road all the time. We do not mind a bit of inconvenience, but lives are in danger.

The other night we were going down, you know what happened? There were some prison vehicles with prisoners scattered all over the place for about a half mile distance and so many policemen. Now, certain things should have been done there. I do not know, people who do not know the English language and are engineers, when they are on a job, I do not know how they are operating or if they know how to operate in Trinidad. I have made this observation in a genuine sense.

I am about to take my seat. I understand that the Minister of Works and Transport is out of the country. Maybe he has gone on state or official business, which is expected; that is a good thing. I am hoping that he went through the process as Alexander The Great when he was about to visit India at one time, to

conquer a certain part of India. He went to his guru, Aristotle. He asked Aristotle, "What would you like to have from India?" and Aristotle said, "Bring me an Indian philosopher". I would not say more. I hope the Minister of Works and Transport brings a good consultant on highways. [*Desk thumping*]

I thank you very much, Mr. President.

**Sen. Rev. Daniel Teelucksingh:** Mr. President, I would not allow dinner time to hinder my contribution to this debate. I really appreciate the freedom you have given us today.

I know many people have expressed a kind of disappointment at the level of the debate earlier on, but I was reminding Sen. Daly, who came in a little late, that there is a saying in Trinidad, "One hand don't clap". Those two Benches have been responsible for us staying here so long and for Senators now on all sides feeling really disappointed at the way we have gone. I think we need to remember that. I do not know about provocation and if we are expected to exercise a lot of patience, and how much patience, but I am glad we were able to come back on track.

There is one point, in fact, I think I am going to make the second one, because everybody has been saying so much. The first point really has to do with my interest in the social implications of our budgetary proposals. I want to particularly endorse clauses 2, 3 and 12 of the Bill, relating to old age pensions, public assistance and concerns for the disabled. I really want to compliment Government for seeing to it that this part of the social safety net is attended to. But I want to add one illustration to this debate.

A few years ago I brought to the attention of the past administration the plight of persons in our lowest social and economic bracket who, on a daily basis, compete with the corbeaux in the La Basse in a desperate scramble for the treasures of the city's garbage. Much reference has been made today about the disadvantaged. I want to make this appeal again: it is time for decisive and concerted action to liberate, particularly, the children from the culture of compactors, flies and rotting refuse.

Recently, a youth—he is not the Prime Minister's son; he is a son of Port of Spain—was crushed to death by a garbage truck and, in addition, you see these young children weaving their way across the busiest highway in Trinidad and Tobago, which is the Beetham. This is where all of Trinidad must converge. A new year resolution—I would like somebody in the Government to help me, because I

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thought very seriously about this one—of the Port of Spain City Corporation and of the Government should be to rescue these children from the garbage culture of the inner city. Mr. President, no children of school age should be there! Let the whole country know we start with the city of Port of Spain. I know that there are nine- or ten-year-olds, already school drop-outs, who walk among the rotting stuff of the dump. Let us rescue today's children from there and the next generation will be set free.

Let me make a proposal. It is not the last time I am going to make this. I really want somebody on the Government side to help me with this one. I have been reading, and you have read this, Mr. President, at least one commercial bank recorded over \$240 million profit in 1997, and all the other commercial banks in Trinidad and Tobago have their headquarters in Port of Spain, and they all recorded profits of millions and millions in 1997 and years prior to that. Let each one of them donate \$1 million or more for the education and skills training of the La Basse children. What a Christmas gift! Rather than organizing some apples and balloons for them. This has gone on for too long.

I think we have spoken a lot about public assistance this evening. Public assistance is not to be the concern of the Government only, but together we must cushion our society against all these international problems that now impact on us, like falling oil prices and so forth.

Now, in addition to the banks, I am looking at the city of Port of Spain. I want to add the business community of Frederick Street. I want to add the business community spread around Henry and Charlotte Streets. What about the car firms of Richmond Street and Kew Place; that each one of them should give \$1 million this Christmas for the rehabilitation and the rescue of the most unfortunate of the city's children.

Some of us parliamentarians rub shoulders with the general managers of these firms at cocktail parties. I would like to know the topics at the cocktail parties. What are the topics? This is one of the topics that I would like the movers and shakers in the society to be discussing, especially since most of these cocktail parties are based in Port of Spain. In fact, from all of these big businesses, their garbage goes to that same dump on which children “feed”.

I certainly would like to add that these donations from some of these corporate bodies should be matched by Government contributions. This is my concern. It is extremely important and we should not leave it out of activating the budget, as we have been doing now, because it is the purpose of the Bill to get the budget

moving. I think that in addition to the poor, the disabled and so forth, we need to look at this, it is an immediate social problem before us.

Mr. President, I would not take up much of your time, but I have another issue that is really bothering me and I want to bring it to the notice of the hon. Minister, because he is dealing with figures all along and he has to do all kinds of magic now that the oil price has gone down around \$10.00 and below.

You know, for the last four weeks, we have been receiving in this honourable place, some documents from the Auditor General and I would like the hon. Minister to have a look at these documents. They concern the financial statements, the audited statements of the Public Transport Service Corporation. Mr. President, listen to this. I was shocked! I dare not throw these documents away. I am quoting from this document that was laid in this honourable Senate only a few days ago. It is dated September 11, 1998, but it came after that. The Auditor General is saying:

“The Accounts and Financial Statements of the Corporation for the years ended 1988, 1989, 1990, 1991, 1992 and 1993 December 31 have not been verified because of the non-availability of certain books of accounts and supporting records and documents.

It is recommended that the Corporation take action to establish immediately its state of affairs and put measures in place to regularize this unsatisfactory situation.”

Mr. President, through you, I would like to bring to the notice of the hon. Minister of Finance that unsatisfactory situation.

“Accounts Receivable—\$9,807,296.00.

1. This balance was not verified as the necessary source documents and underlying records were not produced.”

But, Mr. President, that is joke.

“Inventory at Cost Less Provision—\$74,433,849.00

2. Inventories totalling \$83,172,443.00 were not verified as supporting documents were not produced.”

Listen to this one. Somebody said the Fixed Assets amount to \$104.5 million. The Auditor General is saying:

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“3. Supporting documents and records necessary for verification of this balance were not produced.

Bank Overdraft - \$13,315,548.00

4. Documents and records to support this balance were not produced.”

"Accounts Payable", is a small figure. This could be for any year, this thing was running for years. The balance under "Government Loans" is not in millions, but it is \$2,152,446,064.00, and it states:

"9 This balance was not verified as the necessary supporting documents and records were not produced."

### **7.10 p.m.**

I really think this is a serious state of affairs! We are talking about the Consolidated Fund and a public service. I think the time is now for the hon. Minister to take steps for an immediate enquiry into the books and records.

Our Bill today talks about books and records. You want to look at books and records? This is one that I would like you to add to your list—Mr. President, through you, I speak to the hon. Minister—an immediate enquiry into the books and records of the Public Transport Service Corporation (PTSC), and let us know the state of affairs for about the last two years, 1997 and 1998.

The Auditor General is asking that these recommendations be implemented immediately. Who is going to do this? I am very concerned about this matter. It has come before us and I know that some of us have already dumped this issue in the waste paper basket. I cannot do that! It amounts to billions! That is serious business. Who is really in charge over there, that the Government is pouring millions and millions into the corporation, and when the Auditor General, a servant of the Parliament and state is asking for a report—for years and years she has been asking for a report from 1988—1993, is still waiting for 1994—1997, and there is the non-availability of books and records. What is happening?

I really hope that something would be done about that and there would be an investigation into this state of affairs of the Public Transport Service Corporation. Thank you, Mr. President, I have more to say, but after dinner.

**Sen. Philip Marshall:** Mr. President, I intend to be fairly brief. It is amazing what a couple of months can bring, in that, the hon. Minister of Finance presented a budget with measures based on an economic outlook at a specific point in time,

and here we are faced with major shocks in our terms of trade with falling oil prices. This is why it is very important that when we establish a budget, although we must give hope to our citizens, we must also make them realize that sometimes we may have a very small margin of reserves within which to undertake our critical programmes for development and care for the poor and elderly.

What are some of the critical issues facing us at the present time? I would just go through them briefly and relate the measures. Based on the terms of trade in the last two months in international trade, our job in Trinidad and Tobago over the next two years is to survive this global slow down. We have to create jobs. We saw what happened in the newspaper: in Mayaro, the blocking of roads; in Malabar, the burning of tyres. We have to encourage small businesses, develop our skills and competencies and we have to encourage our students. In terms of monetary and fiscal policy, we have to maintain our foreign reserves, encourage exports and maintain our exchange rates and the financial system soundness. We have to encourage savings, look at our insurance and take care of the poor and elderly.

I would start by referring to the last contribution by our rather revered Independent Senator and the whole issue of the contribution that our profitable private sector organizations should make in contributing to those destitute people. I would also refer to his ending statement concerning the lack of accountability in a public sector organization. Just to get the figures right, a bank that may have made \$240 million in profit, let me assure him that in terms of returns on assets employed in making that profit, it works out to a figure of about two per cent or less.

Therefore, when we say that a bank makes a profit of \$240 million, if you look at the balance sheet, possibly a figure as high as \$12 billion has been used in making that return. We tend to, therefore, look at numbers in absolute terms and not realize that to encourage savings and investments the rent to the investor has to be a reasonable return.

If you look at it from the perspective of what is the earning per share and what the shareholder may have had to pay, it may be 5 per cent per annum. In no way am I, in fact, disputing the relevance of his comment that we must try to focus on the poor, and his really shocking illustrated example related to the garbage dump. But he also had the solution when he talked about the lack of accountability in another organization that was losing vast amounts of money. Think about it, if

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with management and accountability we stem that wastage, there is the money for the destitute.

Let us not, in fact, remove the reward for effort and energy from performance, but focus instead in looking at the areas where we are bad, in terms of performance and management, and eliminate that wastage. I have always said that what does not create value destroys it. Let the Government in its economic policy debate identify those areas that presently destroy value and work out how we would communicate to our citizens how we have to eliminate these for their benefit.

With the shortfall in revenue that the Minister of Finance is now going to experience, let me remind you of a startling figure: for every \$1 billion of money he may have available for development expenditure, that only works out to \$769 per citizen, for development expenditure! So it means to the extent that we have revenue shortfalls we may have to borrow even more; a significant sum of money of our budget, about 31 per cent, nearly \$4 billion a year to service our recurring debt.

Thus, the Government in terms of these measures, once again, has reconfirmed that the proposed measures are relating to many of the right areas; for example, the Student Revolving Loan Fund. My only comment is to ask, is the loan of \$100,000 sufficient? Could we have the possibility in some cases to extend that loan value but have a secure repayment schedule? Do we also need to have the Minister of Education approving the loan? I have one suggestion to the Minister: could we look at a situation where we have a mandatory blanket life insurance cover that the loan administrators would undertake so that in the unfortunate demise of a student, there is some protection. I do not see that group insurance cover may be a significant cost which would have to be borne in the loan repayment, as it would be at favourable interest rates.

The other point in measures, our students with tertiary education who will develop the future jobs and employment are so important. I do not think that we should limit deduction for expenditures for tertiary education to be aggregated with the \$18,000 mortgage interest relief. Because to the extent even that a better off family can afford to send a student abroad, it makes one place more available at the University of the West Indies in St. Augustine.

Remember as well that we should encourage people investing in themselves and give the necessary income tax and corporation tax reliefs. Mr. President, in

countries abroad the whole concept of life-long learning which is aided by income tax reliefs, can assist the Minister in a very important initiative in increasing our savings base. This is the way it could be done: if people could get tax deductions for improving their earnings capability by life-long learning, what this could mean is that when people reach retirement age they continue to be able to be self-employed. They, therefore, are able to continue to contribute to the national pensions savings. If you think about it logically, what we need to do is increase the ratio of the length of period in which people work and contribute, especially if they are self-employed, and that automatically—taking into consideration, however, of the greater longevity and lifespan—may still have a positive ratio of increasing the length of time that a person works, but reducing the time upon which you draw-down retirement benefits.

This could be a very important issue in the fundamental economics of our pension and savings plans. Let us not limit, even to people who may not be part of an employment situation, deductions for improving their earning capability and, therefore, their pension fund capability outside of employment within an organization.

This Government has shown the importance it has placed on human resource and skills development with the training and development by the National Training Agency and the National Energy Skills Centre. We have to encourage every area that would continue to promote this.

In terms of small business development, in addition to the exemption from income tax of the interest on loans from banks, I would have like to see the Minister extend to small businesses, maybe a subsidized interest rate very much like the student loan, until such time as our macro economic policies could result in a fall in our interest rates for business purposes.

I know that we have talked about the whole issue of open market operations, trying to reduce liquidity and eventually having a fall in interest rates which would make the ability to invest in local and real productive assets possibly more amenable. This may not necessarily result in the banks making less money, because it means if there is a fall in interest rates maybe we pay depositors less, although we would have to protect against people wanting to convert into foreign currency, but what is important to the banks is the interest margin. Thus, a fall in the local interest rate may encourage small businesses and more investment in the productive sector.

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Mr. President, I am just going towards about two points before I wrap up. Many times you may hear a concern about giving foreign direct investors these tax holidays. Very often you have the complaints from local investors, "why are they not treated as well as foreign direct investors?" In debating economic policy, the Minister of Energy and Energy Industries opened the debate on the Government side and reiterated some very important issues. Foreign direct investment is the catalyst or the platform upon which we can then extend into the development of our tourism, agriculture and informatics services.

Right now, foreign direct investment is important to Trinidad and Tobago. We talk about giving the shop away and giving away our national patrimony. The number of places in the world trying to attract foreign direct investment, offering national gas at lower prices and greater and more attractive fiscal incentives, is very significant. Foreign direct investment in the oil, petrochemical and metal-based industries, has brought us significant increase in our construction activity, and we need to maintain that. We need to keep the plants that are being developed well maintained.

I know Prof. Kenny may be concerned, and some people have a perception that when these plants come to Point Lisas they do so because we have slacker environmental standards. That is not so.

**7.25 p.m.**

Moneys are being lent by international bankers and these plants in Trinidad and Tobago have to adhere to minimum international environmental standards. I am not saying through foreign direct investment—we must put all our eggs in one basket. We must also, however, be realistic. We have to survive these next two years of falling commodity prices in methanol, ammonia and steel. It is going to bring us the lifeline to give us time to develop our tourism and other high ratio employment sectors.

We must do everything in our power to communicate well to our population that although it may not provide a significant number of direct jobs, the jobs in service industries, the jobs in construction, the importance of foreign exchange, the foreign direct investment accounts for about 72 per cent of our foreign earnings, about US \$1 billion, 27 per cent of our GDP, that is 27 per cent of \$40 billion. Although, in fact, it may only account for 4 or 5 per cent of our direct employment. So let us promote Trinidad and Tobago as an attractive site for the time being.

Financial systems: It is important that we maintain the security of our financial systems. I just have one consideration and a very small point for the Minister. This is relating to insurance. This is clause 11(c) of the Finance Bill pages 16 and 17. What I ask the Minister to look at, this is in relation to the payment for a policy. It says:

- “(a) Where a policy is issued after 1st January, 1999 and the premiums...shall be...paid in any currency; and
- (b) any sums payable or paid upon the maturity of such policy shall be payable or paid in the currency in which the premiums had been paid.”

Let us make sure we understand what that means, is that it is possible that you may have a Trinidad and Tobago policy but the person wishes to pay in US dollars. Really and truly, the policy upon maturity or any benefits thereunder, should be paid in the currency in which the policy contract is denominated.

If it is a US policy maybe it should be paid in US dollars but the policy contract should dictate the currency in which the sums are payable. In fact, to look at Prof. Ramchand’s statement, maybe the sum should be payable in Trinidad and Tobago dollars but a rate of exchange equivalent to the specific foreign currency then existing to give the insurance companies some flexibility.

One other point on insurance companies which I think is important, especially with the liberalization by March next year in financial services, is that should suitcase traders be allowed to come in here and not be registered in Trinidad and Tobago, what you could have is a citizen of Trinidad and Tobago covered with a foreign insurance company which is not registered here and what if he has problems? What would be the legal jurisdiction under which he would have recourse? I think this is a very important issue. When companies come in here and they write business it should be on the basis that they become registered locally.

That, Mr. President, really is the crux of my contribution. Coming back to the whole issue of the poor and the elderly, it has been proven over and over that the way to help people out of the poverty trap—and this is what the Government is working on—has to be education. The difficulty is that it is going to take a very long time starting from pre-schooling, primary schooling and secondary schooling. It is my understanding that the Government is working on the implementation of the basic education project and, again, in the whole issue of targeting those that deserve that benefit. I have read that psychologists have very often said that direct benefits targeted to specific identifiable groups can have the reverse psychological

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effect of continuing to entrap people into that belief that they themselves, without additional help and skills, are forever banded into a situation from which they can never be released. So we have to look at those issues as well. Once again, concentrating on small business, lower interest rates for small business, for loans and for education, I think is a very important plan for us to move forward.

Thank you, Mr. President. [*Desk thumping*]

**Sen. Prof. John Spence:** Mr. President, it is not my intention, at this stage, to address the Bill at any length. I just want to make one or two comments on points that have been made by other speakers. In doing so, what I really want to say is that all that I have heard from speakers here this evening emphasizes the importance of Sen. Dr. St. Cyr's Motion. Most of the comments have not been on the Bill directly but have been on economic policy and it is extremely important that we allow time, in the rest of the session, for discussing the points that have been raised in his Motion.

I suppose if we look along the Independent Bench we have here, at two extremes, both in separation along the Bench and in economic policy because there are a number of things that I would like to respond to Sen. Marshall on but I do not think it is appropriate to do so at this stage. Just to say that clearly we need to discuss some of the issues that he has put forward at length in a different forum at a later stage.

I certainly do not agree with him. In fact, in my opinion, the fact that we can survive by direct foreign investment in the energy sector is what mitigates our doing anything to the other sectors that we need to do. Perhaps if we did not survive so well in that sector we might pull our socks up and really address the important issues that we need to address.

I am not going to address the Bill but I am pleading with the Leader of Government Business that we allow that debate to take place fully because it is extremely important and it is important as emphasized by the contributions of Sen. John, Sen. Marshall, Sen. Dr. St. Cyr and the rest this evening.

Thank you, Sir.

**The Minister of Finance (Sen. The Hon. Brian Kuei Tung):** Mr. President, let me say how much of a pleasure it has been to listen to a debate that swung from side to side, if I may say so. Certainly, it started off in a fairly gentle manner and then it got a little more heated on both sides, somewhat, and then it swung back to be a little more placid towards the end.

I know it is very late and I thank Senators very much for the contributions they have made. I think this afternoon is going to demonstrate clearly what I have been saying all along, that even though a money Bill has come here and we feel that we have no real power to change it, I think I want to start by saying that we do have power. I want to start by saying this Government certainly is a Government that listens and if it hears an idea that it thinks is worthy of consideration, it certainly is the first to rush and take it on board.

I want to start with an area that came about fairly late in the day by saying that the Government intends to adopt the amendment that has been circulated by Sen. Martin Daly. [*Desk thumping*] It means that whereas we will not be going to a committee stage, we certainly will be modifying the Bill and taking this amendment back to the other place. I have been told by the experts that this is quite possible and, therefore, I just want, for the purpose of clarification to make sure that everyone is on board, to refer you to page 13 of the Bill in which we will be inserting after clause 40 the following new clause 40(a)(1). I will read the completed amended version for you so that if you have any difficulty you can understand. I am going to read it assuming the amendments have been taken:

“The board may inspect only those books and records maintained by the financial institutions necessary to ensure that the financial institutions pay the correct tax in respect of financial services income.”

That would mean that there is a restriction with respect to what powers we are giving to the Board of Inland Revenue and that is circumscribed by precisely what books we are talking about. It will not empower the Board of Inland Revenue to inspect bank accounts and so forth because that was never the intention. I wish to thank Sen. Daly for the contribution that he has made to us.

**Sen. Rev. Teelucksingh:** Mr. President, before the hon. Minister goes on, I compliment the Government for this. I cannot remember in many years something like this being done. I have been reading about the behaviours since the very early days, maybe in colonial days, when in the plantation system in the House of Representatives they had the first and the last say. For many, many years the Upper House never had a chance to even change a comma in a Finance Bill. I think this is historic and I want to compliment the Government. [*Desk thumping*]

**Sen. The Hon. B. Kuei Tung:** I thank the Reverend for his very kind words.

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I go on to a next point that Sen. Prof. Kenny raised. I assure him that there was no prevarication, certainly no capitulation on our part as far as our policy is concerned.

When we said and when I came and presented the budget it was clear that we knew what we had to do with respect to foreign used cars. With respect to foreign used cars we felt we wanted to do a number of things: we wanted to somewhat dampen the demand for motor cars in general not just foreign used; we wanted to dampen demand for luxury cars and luxury goods and we singled out motor cars because we recognize that Trinidad and Tobago's population has a penchant for cars that I believe exceeds anywhere in the world.

I believe Sen. Prof. Kenny may be a little wrong with the numbers. I understand we have over 400,000 cars registered, not one in six but nearer one in three. I will give you an example that brings it home to me. My son is 11 years old and he is already asking me what car I will give him when he grows up. *[Laughter]* You understand that the children from very young, in Trinidad and Tobago in particular, are motivated by this thing called a motor car and I do not know if I have any answer for it. So in terms of dampening the demand, conserving foreign exchange, congestion and pollution on the roads and so forth, we are fairly clear where we want to go.

I am not sure if a decision has been made yet with respect to mass transportation but there are things that we are putting in place first: a sea policy that talks about an open seas policy and an open air policy so we can quickly move to getting mass transportation. We have not addressed, in clear terms, exactly what mass transit we will use inland, but it is certainly something that Sen. Baksh has been talking about for a while and I know he has it under wraps. He is hoping to take some of the heat off the inland by using air and water. You must have heard—and I think he said the last time he was here—about a possible water taxi. Even that would take pressures off the roads.

Therefore, it is not that we are moving away from our policy but we also listen and in our deliberations I remember the previous administration liberalized and allowed new foreign cars to come in. We clearly understood that everyone or even the average citizen of Trinidad and Tobago would not have been able to access a brand new foreign car because over the years when we had closed our borders and motor cars had become fairly expensive, we were only treated, as it were—and I use the word “treated”—to certain models that they felt were good enough for us.

**7.40 p.m.**

Immediately, new shiny cars came out, the Mercedes Benz, BMWs and the Volvos and, of course, it would create some discontent given, as I said earlier on, our strong penchant for motor cars among the poorer classes. We felt that foreign-used would have been our solution to it in part. It is not an ideal solution, but it would, at least, give some satisfaction to the need which had been built up by people who were saying: "Boy, I could never own one of those." And yet having opened the market, we recognized and have been hearing people saying, at least, they are able to afford a fairly decent car, and if they had relied entirely upon a brand new foreign car, they would have three lifetimes before they could afford one.

We understood that we were beginning to satisfy that, and it is in that context we made one small change in which we felt that we would want to, at least, help the people at the lower end. That is why the only real change—and I thought I took the pains to say this—was really the cars under 1600 cc. I might add that the bulk of the cars which had been registered in the last year or two, has been between 1600 cc and 1800 cc which have been left at the increased figure of \$30,000. We wanted to leave a window of opportunity for the small man so he can, at least, aspire to owning a fairly decent car and that is why we made that small concession. It is not a reversal of policy, and it is certainly not prevarication, or recapitulation as you may wish to call it.

So Sen. Montano, you do see that we have a consistent policy. What we have even better than that, is a very human face to the implementation of our policy. Literally, we had to take two steps backward before we could make a step forward and I would explain what I mean by that. One of our intents when we came into office was to simplify the tax administration and the income tax returns, and if you see what we have done over the last three years, you would clearly understand that we are moving towards a particular position and direction, but we are not going to get there in one fell swoop.

In the first case when we wanted to simplify the income tax returns, we recognized it was going to be a tough nut to remove all of these allowances and we understood clearly that removing them was going to upset some people. In order not to appear as if we were giving any favouritism, we literally cleaned the whole slate, but we knew that was not going to be the position we wanted to bear, and we would have had to introduce some others and we have done that now.

We have introduced one allowance which is quite apart from your personal allowance, and while I am at that, let me talk about upping the limit from

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\$12,000—and I want to use that expression deliberately. Upping the limit for non-filing of income tax returns from \$12,000 to \$50,000. If you listen to certain people you would believe that it is a brand new thing which has never been done before, but it has been around for a while. People who earn under \$12,000 do not require to file returns, and I have upped that limit from \$12,000 to \$50,000 because everyone is now entitled to a personal allowance of \$20,000, so it does not make sense asking you not to file your return for \$12,000 when you already got the first \$20,000 tax-free in any case. So the limit had to be carried up, at least to \$20,000 and when we looked at the other areas, we realized that we could have reached as high as \$50,000 because the amount of tax you would have had to pay would have been so marginal that even though you did not pay it, it was cheaper for you not to have paid it. Not that we want to encourage people not to pay, but it was cheaper for us not to hound people down for it than to have to hire staff to do that.

We also felt it would have been very convenient for the Inland Revenue Auditors to go to the place of employment and look at all the records rather than have to call in all these employees. Yes, there was going to be some little slippage. We hope that we could have improved the skills of the offices of the Board of Inland Revenue and direct the people who have been released from this very mundane duty to do better things. We hope to be able to afford to send them on training and retraining, as the case may be, which we could not have afforded before because of these very complex and cumbersome procedures which we had accumulated over the years.

There is a distinct movement towards tax simplification and tax reduction as far as we can, and I am glad that Sen. Marshall has said—and he has put it very succinctly—we have to survive the next two years of international economic turbulence. I do not think turbulence is his word, but I think that is what he referred to. If we can do that over the next two years, by the end of which time we should see a settling of the world economic order, I think we would have been able to survive and I am saying that because I would like to think that we can do that without having to increase taxes.

As I said, our objective ultimately is to have reduced tax and certainly a simpler tax system, but it is not to allow people to escape or evade taxes. Our intent is to make it literally affordable and to put more discretionary income in the hands of the taxpayers, so that they may now be in a position to decide how much they

want to save and spend, and their own consumption patterns would now be dictated by them.

I now go to Sen. Mahabir-Wyatt's comments. I am not a drafter and I am just going to read very quickly what has been passed to me with respect to the question of gender language. Certainly, I have no objection to talking about his or her, he or she, but the intention of the draftsman in relation to section 10(4) of the Income Tax Act is that the use of the word "and" where the words "a person and his spouse" are used, should be read—and this is where I have to laugh—"both conjunctively and disjunctively". I am no lawyer, but I do not know if I could read things at two opposite extremes, but they are saying it should be read conjunctively and disjunctively I presume. So the words can give us the purpose of the provision and can also be construed to read, "or in any given circumstance". That is the language of the draftsman referring to the male as including the female as recognized by the Interpretation Act, and I think Sen. Mahabir-Wyatt's comment about neutral language is now gaining momentum in other jurisdictions and we can probably see that creeping in, once we get wider acceptance and interpretation of that kind of language.

I seem to have corrected one of Sen. Montano's questions, but I left the question on the training allowance. I have to look at it. To be honest, I have not had the opportunity to do so, but I will look at it before I take this amendment downstairs in any case, and if necessary, I have to correct it again. You said that not only the Board of Inland Revenue and the Tax Appeal Board are to benefit and I agree with you, except that it is already accepted that the taxpayer can benefit, but the Board of Inland Revenue could not benefit so the law was merely balancing it by saying that the Board of Inland Revenue can also access, but I think it has already been accepted in practice and by the rulings of the Tax Appeal Board, that the taxpayer benefits. If the language is wrong I would change it. I have no difficulty with that.

I have addressed the matters raised by Sen. Prof. Kenny, Sen. Shabazz, and Sen. Daly. Sen. Dr. St. Cyr, I hope that this particular modification would help ease some of the misinterpretation, and we really do not want to put any pressure on our exchange any further.

I understand Sen. Yuille-Williams' point with respect to restructuring the whole thing so that it flows, but I want to make one small admission and that is, you will understand that we have changed our financial year and I had to prepare a

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budget in far less time than I normally would have had. And, therefore, while we are anxious to do certain things, there are some parts at which we have to look.

I have commissioned the Ministry of Social Development to do exactly what you are saying and it is out of that I have made some changes, but we want to restructure all the benefits. As I have said, it makes sense and I do not want to leave some at one end of the spectrum and leave another group behind, that is certainly not our intent, so we would be looking at it.

I want to clear the air on FUNDAid. We felt, and still feel that the best way to deliver assistance to small business is through the NGOs or other intermediaries and not through direct government lending. We have always resisted the attempt for Government to be lending money directly to small business. For one, Government is not in the banking business so it never does it right, and another, there has been a history where it had made loans through the IDC and the loans either disappeared, borrowers disappeared and so forth. We have to learn from those lessons and we said we were going to try to do it through other means either through financial institutions like banks, credit unions or through FUNDAid.

The minute I announced we were going to assist FUNDAid, a number of persons wrote telling us that FUNDAid charges an inordinately high amount of fees. It was not just interest, but interest and fees. There were accounting fees, and training fees and I said I am not going to backtrack on this, what we need to do is to help them.

I called them in and had my technocrats look at them and the problem is their base was just too small. I promised \$28 million, not immediately, but over a period of time. Let me explain to you what I mean by their base is small. If you were in the lending business you would understand what I mean when I say their base being too small. If you have a very small base from which to lend, a very small portfolio, your administrative expenses end up being disproportionately high, because there is a certain minimum amount of administrative expenses that you must incur and what we attempted to do, is to see if we could assist them to bring that administrative cost down either in terms of direct subsidy, lending them resources and so forth. But their base is just too small to recover their cost of administration and, therefore, the load up instead of helping the people to whom they are lending they really end up doing a little injustice.

The unfortunate thing about this is that many people who go to FUNDAid really cannot access more reasonable costs. I say reasonable because even the bank's interest might still be very high. You tend to find that these people go to FUNDAid

and these other institutions literally as a last resort. I am working with them and I am hoping that once I could resolve their problems, we would be in a position to deposit the money with them which they can unlend at a lower cost, but I want to be assured that when I am doing it, it is helping the people whom it is intended to reach.

Sen. Prof. Ramchand, I would like to engage in a private debate tonight over this. It is like opening a can of worms. I am talking particularly about saying only Trinidad and Tobago dollar. As I was telling him outside, he may end up sounding like one of my colleagues who talked about a trinity dollar if he carries his argument to its natural conclusion. I am sure that is not where he wants to reach, but the whole world of international finance is being so liberalized that in my view, if we did what Jamaica is doing, it is going to be a retrograde step.

Let me see if I can disabuse the Senator's mind quickly, that if we liberalize our own exchange control system, we do not want to have state control of foreign exchange only. In any case the way the system is now, even if it is done in that way, you would still have to go back to the state to help people because you are now controlling all of the foreign currency. This is going to change and reverse many of the policies which have been pursued in the past and really make a mess, in my view. That is going to create serious problems for our financial system if we adopted this suggestion. I would like to get into a little more detail with him one of these days and we could sit and discuss it.

I do not agree with the comment that we are losing money in tourism. We see the money we are putting into tourism as an investment in the future. I think we recognize that tourism as an industry is the single largest industry, it is bigger than oil and it does not matter whether we are talking of oil at \$20.00 or \$10.00 per barrel. One in 10 persons worldwide is involved in tourism in some way. We have missed the boat to a large measure partly because of the policy which we adopted in the past, and the fact that we did not want to pursue tourism is really not my case today. I merely want to say that we have a lot of work to do in tourism and not just in terms of marketing—because it does not make sense just marketing—but in terms of education, culture and attitudes.

**7.55 p.m.**

I was quite pleased to see that the person who won the Prime Minister's tourism award is what I regard to be a "roots man", a taxi driver. Here is a person who best epitomizes what tourism will mean for Trinidad and Tobago in the next few years. I do not see it as money being wasted; I see it very much as money

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invested in our future because if we do not benefit from this tourism thing, then you are going to be right; it is going to be more of an out-go and no inflow.

Bear in mind that every single Trinidadian now has also developed another penchant besides motor cars and that is to travel overseas, so we also have to encourage people—*[Interruption]* I am sorry. But we are entitled to a holiday. I would prefer to go to China rather than India. The Senator is not going to hold that against me. Is she?

**Sen. Mohammed:** Dr. Job and I will go to India. *[Laughter]*

**Sen. The Hon. B. Kuei Tung:** Mr. President, I hope that I have been able to address the issues and concerns which have been raised. I thank Sen. Daly, again, in concluding—

**Sen. Yuille-Williams:** Before you sit, Minister, this is something on which you can probably make a comment. I know it is late, but I remember Sen. Rev. Teelucksingh raised something about PTSC and accounts. I am not talking in particular about PTSC; I am talking about the fact that when accounts are submitted to the Auditor General, the corporation or the company submits statements only, and whenever they are about to be audited, the Auditor General would go to the organization to find all the books and so forth. Sometimes, it takes six or seven years, as has been noted. By the time the Auditor General goes there, there could be either change of government in which the new staff there will say, “I have seen nothing”; therefore, they tell the Auditor General, “There is nothing there”, and you get that kind of report. That can result in years in-between and, probably, we need to look at the whole system of auditing, because government is changed and everything is cleared out because you were a disease—that happened to me here—and a new set came in and the Auditor General came and said, “Let me see the books of this company”; and I say, “Well, they took everything away. I do not know. We do not know”. Nobody is there from the corporation and I think we need to speak a bit on that because, at times, it casts aspersions on companies when, really, the blame is not there. It could be sometimes the fault of when people come to audit after, because I was told that only statements are sent; all the records are kept wherever the company or corporation is until the Auditor General and a team come in.

**Sen. Daly:** While the Minister is sitting, may I just thank the Minister for his comments. We have, since he started his winding up, discovered some difficulties about the insurance clause of the Bill and I just want to let him know that I have

given some possible amendments to Sen. Hamel-Smith with a view to consultation with Sen. Wade Mark, to be looked at if they have to go back to the Lower House anyway.

**Sen. The Hon. B. Kuei Tung:** I am not surprised that Sen. Daly would say there have been proposed amendments and I will say why. The way I understand this, this is not going to be the end of the insurance part of it, this is merely to adjust the Insurance Act, but there are also Insurance Act Regulations and there are administrative and/or other arrangements which have to be actually fine-tuned. So, please do not see this in its entirety as being the final or complete issue. I would look at your amendments but I suspect they more rightfully belong to the regulations rather than here.

With respect to PTSC, I think the previous administration attempted to allow the Auditor General some latitude in hiring private auditors, because it recognized that the Auditor General had been so swamped with work that it would have been impossible for her to become current. The fact that we have divested in a number of state enterprises, too, also relieved her of a number of audits for which she would have been responsible.

I am working with them to see if all these audits can be brought up to date because the Senator is quite right. It is not only a question of changing the guards and all that; sometimes, even the financial controllers are changed; the staff themselves are changed; the Government is changed; and all these changes bring about many inefficiencies. The only way this can be addressed, to be quite frank, is to make sure that these things work. I myself am very surprised.

The way this thing works is, the Auditor General sends me an advance copy but she has a responsibility to Parliament so it has to be laid in Parliament literally, because she accounts to Parliament, not to me, for the audit of these things according to law. Therefore, they are laid almost automatically. I literally have no say. I read them sometimes and it worries me because some of them show weaknesses in the financial systems and the systems of internal control, and there is nothing I can do because they have already gone to Members of Parliament and I get them just about the same time as Members do. The only thing I can do, as I said, is try to give her more resources to be able to come as far current as she possibly can, or to nudge her in the direction of hiring independent auditors, which I am sure certain practising auditing firms will be happy to hear, so that they can help in bringing these things up to date. Some of them are still very much in the—

*Finance Bill*  
[HON. B. KUEI TUNG]

*Tuesday, December 08, 1998*

**Sen. Prof. Ramchand:** Mr. President, before the Minister stops talking about PTSC, I wanted to know if he was as alarmed as we were about the things Sen. Rev. Teelucksingh read out, because I am really amazed that what looks like and what could be wrongdoing has been allowed to pass here. Is it wrongdoing? Is there an explanation?

**Sen The Hon. B. Kuei Tung:** No. I start, like Sen. Montano would tell you, by reading the audit certificate to determine what the auditors say. Most of them get a fairly clean bill of health now, but there are certain exceptions which are really off. As I said, my hands are tied. I try to find out from the people but generally we get the same flippant excuses. "Well, the GM has gone." "We changed two GMs in the last six years." "The financial controller is not here." "We do not know where the records are." So, we are trying to institutionalize these things and I always say Government business is not to be in business; it is when we attempt to be in business that we run into these problems because we really are not good businessmen as politicians.

Mr. President, in closing, let me thank those Senators who have been able to assist us in this Finance Bill. Just to recap, let me remind you that this actually spans two budgets, two Provisional Collection of Taxes Orders and whereas the Provisional Collection of Taxes Order requires me to have them confirmed by a Finance Bill within four months, because there were really no new taxes *per se*, there was really no pressure on me to bring it here, but I have brought it here, more because there are certain measures which will affect taxpayers for the year of income 1998, and I really wanted it to be finished before the end of the year 1998.

With those few remarks, I beg to move, that a Bill to provide for the imposition or variation of certain taxes and duties and to introduce other provisions of a fiscal nature and for related matters be now read a second time.

*Question put and agreed to.*

*Bill accordingly read a second time.*

**The Minister of Finance (Sen. The Hon. Brian Kuei Tung):** Mr. President, in accordance with Standing Order 63, I beg to move that the Bill not be committed to a committee of the whole Senate.

*Question put and agreed to.*

**Sen. Prof. Spence:** Mr. President, have we accounted for the amendments? Formally, have we accounted for them? In what way have we accounted for them?

**Mr. President:** At the third reading level, the relation to passing the amendments will be stated.

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

*Bill, with amendments, accordingly read the third time and passed.*

#### ADJOURNMENT

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. President, before moving to have this Senate adjourned to next Tuesday, may I inform fellow Senators that we would, in fact, be continuing with our debate on the Postal Corporation Bill next week and, if we are able to complete that very early, we would want to continue with Private Members' Business, the Motion in the name of Sen. Dr. Eric St. Cyr. The Minister of Finance has promised to make available to fellow Senators a working document, possibly by Friday, or if not Friday, at least over the weekend, so that document can be studied as he had, in fact, promised at the last session of Private Business.

I also want to indicate that because of the lateness of the hour we did, in fact, order some light *hors d'oeuvres* and they are available in the Members' lounge so when Senators leave here, those who still feel kind of "peckish" can avail themselves of this.

I beg to move that this Senate do now adjourn to Tuesday, December 15, 1998 at 1.30 p.m.

**Mr. President:** Hon. Senators, before putting the question, I just want to acquaint you with an upcoming event which is a cocktail reception to be hosted by the joint Presidents of the Trinidad and Tobago Branch of the Commonwealth Parliamentary Association to be held in the Members' Lounge on December 18 at 6.30 p.m. A formal letter of invitation has been sent to you. In any event, those of you who may not yet have received it, you can accept what I am saying here as the formal invitation. We look forward to seeing you on that evening.

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 8.09 p.m.*