

Leave of Absence

Tuesday, October 28, 2003

SENATE

Tuesday, October 28, 2003

The Senate met at 1.30 p.m.

PRAYERS

[MADAM PRESIDENT *in the Chair*]

LEAVE OF ABSENCE

Madam President: Hon. Senators, I have granted leave of absence to Sen. The Hon. Hazel Ann Marie Manning for the period October 27, 2003 to November 06, 2003.

EXCISE DUTY (PETROLEUM PRODUCTS) ORDER

The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill): Madam President, I beg to move the following Motion standing in my name:

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

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

And whereas the Excise Duty (Petroleum Products) Order, 2003, was made under subsection (2) of section 13 of the Excise Duty (General Provisions) Act, and first published in the *Gazette* on the 6th day of October, 2003:

And whereas it is expedient to confirm the said Order:

Be it resolved:

That the Excise Duty (Petroleum Products) Order, 2003 be confirmed.

Madam President, I beg to move that the Excise Duty (Petroleum Products) Order, 2003 be confirmed.

This Order which is before this Senate was made by the Minister of Finance pursuant to section 13 of the Excise (General Provisions) Act, Chap. 78:50. By

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that section, the Minister of Finance is empowered to impose any new excise duty or increase any excise duty by way of an Order. The Order, which is the subject of this Motion, imposes a new excise duty on unleaded 92 Ron gasoline at a price of TT 99.696 cents per litre.

When an Order is made under section 13 of the Excise (General Provisions) Act, that Order must, after four days and within 21 days from the date of first publication of the Order, be submitted to Parliament. Moreover where the Order is submitted to Parliament within the specified time, Parliament may, by resolution confirm, amend or revoke the Order and upon publication of the resolution of Parliament, the resolution shall have effect and the ministerial Order shall expire.

On the other hand where the published Order is not presented to Parliament within the specified time the Order shall cease to have effect and any excise duty paid by a consumer after the expiration of the Order shall be refunded to the consumer.

The Order which is before this honourable Senate was published in the *Gazette* on October 06, 2003 and was submitted to Parliament on October 17, 2003. This latter date being more than four days after and within 21 days of the date of the first publication of the Order, it has therefore satisfied the procedural requirements of the law.

Madam President, the implementation of measures to convert fully to unleaded gasoline on a phased basis is to ensure a better quality of life for everyone. The phasing in of unleaded gasoline onto the market represents a bold move by this Government to bring the benefits of cleaner air to everyone. Unleaded 95 Ron is already being sold on the market and another grade, unleaded 92 Ron, will be introduced on a phased basis as service stations use up existing supplies. It is expected that all grades of leaded gasoline will be discontinued on the domestic market by April 01, 2004.

Unleaded 92 Ron would be sold at the pump at the retail price for leaded premium gasoline, that is, at \$2.70 per litre. The wholesale price for this product will also be the same as leaded premium gasoline, that is, at \$2.52 per litre. As such, it is anticipated that when leaded gasoline is phased out in April 2004, 80 per cent of the gasoline market will use the unleaded 92 Ron gasoline while the 95 Ron unleaded will account for the additional 20 per cent of the consumers.

The major components of the implementation plan are as follows: Petrotrin and NP will deplete current stocks of leaded 95 by October 21, 2003; the production and/or sale of leaded 83 will also be curtailed by this date; a transition

period of four to five weeks would be required to phase out the lead content from both Petrotrin and NP's storage dispensing systems—this will be achieved by using unleaded 95 product as the flushing agent; the unleaded 95 product used for flushing will continue to be sold as the current super gasoline and would be subject to the same pricing structure; unleaded 92 will therefore become available to the public by January 2004; the suggested names for the grades of gasoline which would be marketed from January 2004 are unleaded 95 and unleaded 92; unleaded 92 would carry the colour of super gasoline and unleaded 95 will continue to be clear, and an official specification and standard would be established and approved for the new product, unleaded 92.

The current consumption volumes of super and regular gasoline will essentially migrate towards the new product unleaded 92. The National Petroleum Marketing Company will launch a market and public relations campaign which will commence approximately two weeks before the targeted launch date for unleaded 92 of January 2004. Unipet would be kept abreast of the technical aspect and timing of this programme.

Madam President, the purpose of this Order before this Senate is to confirm the imposition of excise duty on the new petroleum product, unleaded 92 Ron gasoline. The excise duty on this product will be 99.696 cents per litre, the excise duties on all other petroleum products will be maintained at their current levels.

Madam President, as you know this decision came out of the presentation in the budget that was passed in this place and the other place. Therefore, I simply, at this point in time, beg to move that this Order be confirmed.

Question proposed.

Sen. Wade Mark: Madam President, before making my contribution on this Motion may I take this opportunity to congratulate my dear friend, Sen. Martin Joseph, on being elected general secretary, unopposed; and let me commiserate with my dear friend, Joan Hackshaw-Marslin, who, I understand, was not successful. We congratulate her on a brave fight and we know all the facts and the story why she has lost but, suffice it to say, it was a good effort. To my friend, Sen. Satish Ramroop, congratulations.

Madam President, this Motion before us has to deal with conformation of an Order published in the *Gazette* as it relates to the imposition of excise duties on petroleum products. As you would recall the hon. Minister in the Ministry of Finance spent some time outlining the petroleum pricing arrangements that the Government had considered necessary to alter in an effort to—what is claimed by

the Minister of Finance—increase the awareness and to, at the same time, address and preserve the environment given the impact of leaded gasoline on the environment in this country. If one goes back to the budget statement of the Minister of Finance, on pages 74, 75 and 76, one would see the various increases for the various grades of gasoline on the population.

Madam President, the decision by the Minister of Finance to increase the price of gasoline and the Motion that we are dealing with here today would have a very negative impact on the cost of living. It will have a very negative impact on the general price level in this country. It will also impact in a negative way on employment levels in this country. It will impact on the standard of living and the quality of life of the population. I dare say it will continue to erode the social fabric which is very delicate and sensitive at this time in our society.

We have not really been given—what I would like to consider—any persuasive arguments to convince us that there was any justification for the hike in gasoline prices, whether it is for the unleaded, leaded, diesel or kerosene. One would know that once there is an increase in the price of fuel in this country there is bound to be a spiral effect; inflation, whether we like it or not, would be impacted upon and, therefore, we can expect some major rise in the general price level in our country. As a result, the inflationary rate would also be affected in spite of what the Central Bank Governor might be saying publicly. We know that the Government wants to revise the current index of retail prices, and we have indicated what we consider to be some of the challenges that this new index of retail prices would pose on the general cost of living; basically, what it would do is suppress basic prices in this country.

Madam President, since the imposition of the new petroleum pricing arrangement by the Minister of Finance, we have already seen increases in prices on items in the supermarkets, groceries, parlours and shops. Ordinary citizens of this country are beginning to reel under the heavy weight of these major price hikes in the supermarkets, groceries, parlours and shops.

What is a bit disturbing—I will develop that as I proceed—is that unleaded gasoline, as one would recall if one looks at page 75, used to retail at \$2.45 per litre.

Sen. Dr. Saith: Leaded.

Sen. W. Mark: Leaded gasoline. Thank you very much, Sen. Dr. Saith. That has now been increased to \$2.70 per litre, an increase of about 25 cents.

Madam President, what is even more significant, which might have escaped you somewhat because there are sleepers in this budget, as I said the last time, one has to really go beneath the surface to unearth. I do not know if there is a shortage of kerosene in this country—maybe the Minister in the Ministry of Finance could tell us—but ordinary citizens are finding it very difficult to obtain kerosene at their various outlets. I do not know what is the reason for it, but the reports I am receiving is that there appears to be a shortage of kerosene in the country. Not everybody would have the capacity, to secure LPG, cooking gas, as it is called.

One must recall that the United Nations' Development Programme has estimated that the poverty rate in this country is about 20 per cent of our population. That is a sizable number of people who are living under the poverty line and the measurement used, as one would recall, is US \$2.00 per day. There are over 300,000 citizens, or thereabout, living under the poverty line and experiencing US \$2.00 per day.

So these people have to resort to purchasing, let us say, kerosene for the fire stove or for their burners as the case may be. So when the Minister of Finance—This is why it is almost ludicrous, comical and laughable, when we hear that this recently passed budget, was a poor man's budget, it was for poor people.

Madam President, do you know the price of kerosene before the increase? The price of kerosene before the increase was \$1.15. Do you know what is the price now, since the increase? The price is \$1.50, because the Minister of Finance—just as the former minister of finance under the last incarnation of the PNM in 1994/1995 indicated that there was an exploitation taking place by certain persons where they mix the diesel with the kerosene and that was dangerous to the health of those persons as well as the environment and they unified the price of diesel as well as kerosene. The Minister of Finance came with the identical information in this budget and said, "You know what, this combination is dangerous to health and to the environment" and he has now unified the both to \$1.50 per litre. So an ordinary citizen who is working for \$7.00 or \$8.00, minimum, per day in this country is being called upon to pay a 35 cents increase per litre for gasoline. Obviously that is bound to have a negative impact on the living conditions of these people. It is bound to have that impact. Therefore this Motion that we have before us cannot be seen in isolation. Even though we are dealing with a specific item under this particular Order we have to connect the dots because it is leaded, unleaded, kerosene and diesel fuel. All are combined and are having a negative and devastating impact on the quality of life and the standard of living of persons.

Madam President, diesel has gone from \$1.28 per litre to \$1.50 per litre, an increase of 22 cents. One knows that Trinidad and Tobago does not have a train system, we have no monorail, that was abolished years ago. What drives goods and services? Goods and services are driven via transport. Those huge and heavy vehicles have to use diesel to transport basic goods and services from one point to another, not to mention at the level of the industry, boilers are driven by diesel as well. So when we increase the price of diesel we have to take into account the effect that is going to have on the prices of basic goods and services.

We also have to take into account how that is going to impact on our manufacturing sector because we are talking about competitiveness and global challenges, the single market and economy and the FTAA. How are these increases going to negatively impact on our competitive edge at the end of the process? I would like to know whether these factors were imputed, computed or considered when, for instance, the Minister of Finance and the Cabinet were taking these decisions? Because it is having, it will have and it will continue to have a negative impact on the lives of ordinary citizens in this country.

Madam President, I have looked at the reality that has unfolded in this country and I am seeing where, in terms of the price of basic foodstuff, there is going to be a dramatic increase in those prices. I want to give an example. I have begun to do some research because, at the end of the day, when a budget is presented the first question I ask is: In whose interest? It is either in the interest of the working class, the ordinary people or it is in the interest of the big shots—the big “sawatee”. That is where we have to deal with the bottom line. How would this budget and these increases in fuel prices impact on the lives of the ordinary citizens in our country?

Madam President, right now garlic is being sold at \$28 per 22 pounds. With this increase in fuel prices we understand that it could go as high as \$40 per 22 pounds. We would wait and we shall see.

2.00 p.m.

Madam President, cheese which is being sold at \$295 per case, with this increase in fuel prices we expect cheese to increase to \$325 per case. Ordinary people have to buy these things. They do not eat lobsters, oysters and steak. They eat ordinary things like cheese and the increase in fuel prices will have an impact on their living conditions. As I said before, 20 per cent of the population lives in poverty, US \$2.00 per day or less.

Madam President, potatoes—you must know about that because this country recently celebrated Divali—“aloo” as it is called. We understand and we predict

that 100 pounds of potatoes which cost \$78 today, with the increase in fuel prices it would increase to \$90.00. Onions—\$45.00 per 50 pounds, that is increasing to \$60.00 for the same 50 pounds; basic things that ordinary people need. I want to find out if my hon. friend and colleague, the hon. Minister Conrad Enill and his Minister of Finance factored into their computations what impact these increases would have on the living conditions of ordinary citizens in our country—and we want to bring crime under control. How can we, because people are going to be laid off?

Madam President, the average increase in wages is about 5 to 8 per cent. Lyle Townsend is now fighting for 17 per cent at TSTT. I do not know if he would be successful, but the average is about 8 per cent in this country. The minimum wage is really horrendously low at \$8.00. It should be \$25.00 given the fact that our per capita income is over US \$7,000 per individual in this country, a GDP of over \$50 billion and a budget of over \$23 billion—let us round it off—the largest budget that this country has ever seen since Independence, plenty money but, of course, Sen. Mary King advised of that amount that \$6 billion is immediately charged to the public debt accounts. So we know that the budget is immediately reduced. The key point I would like to make to you, Madam President, is the impact that these prices are having on ordinary citizens. That is my concern.

Madam President, you would recall I had indicted to you some time ago that increasing fuel prices is nothing strange to the PNM administration. They have a fetish for increasing fuel prices and that has accompanied them over the years and they have always misled the country. Back in the bad old days of the PNM, which is now revisiting this country with a bang, a virtual vengeance they used to increase the price of fuel and said it was going towards a road improvement tax. They took money from one's pocket and said it was going towards NIS surcharge. The health system collapsed, the road system is bad in the country and now there is a worse situation where they have now told us—and this is what is amazing to all of us. We know that in a capitalist order the price mechanism is the instrument that is utilized in order to allocate resources. We know this. We know that to drive a system that is based on exploitation and oppression, the profit motive is the instrument used to drive that process. So to live you must earn income, to live you have to work, to live you have to earn wages because that is the only avenue for commanding goods and services in the marketplace. You know that and I know that.

On this side we have no problem with job creation. We have no problem with creating employment for the citizens because they have to live and everybody

must live. We have a problem when we are told by the Minister of Finance, and I do not know if we were deceived, we do not know if it were a dishonest statement, we do not know if it were based on deceit, but we were told that the reason they were going to alter the petroleum pricing arrangements in this country was to preserve the environment and the reason for that we are told on page 74 of the budget statement is that the increasing exposure of our citizens to the effects of lead emissions can lead to serious health problems particularly in our children, and continuing the use of leaded gasoline poses a serious threat to the health of our nation. Who could fault that statement? Nobody could fault that statement but do you know we are now looking to see if the money that they are going to extract from our pockets is going to deal with the environment? We thought that the grading and phasing out of the leaded and moving into unleaded gasoline in a more comprehensive way, the subsidy coming from us the taxpayers may have gone to Petrotrin to help them in their operations. I thought logically it sounded like that because you want to phase out. So something is preventing Petrotrin from speeding up this exercise but we are told on page 76 that the additional revenues estimated at \$249 million would go towards poverty alleviation, job creation.

And what are the jobs, what are the political projects? They are not social projects; these are political projects of the PNM for the PNM band of supporters as they try to build their political clientele, as they seek to politically engineer their way, as if, for instance, the citizens of this country were born yesterday. Do you think the people would allow the PNM to survive for more than five years if they do not go before? He could build how many houses he wants, the new Minister of Housing, I should say, who I understand is to take over the portfolio of my dear friend, Howard Chin Lee. *[Interruption]* I am reading like you. And no one is denying so I have to congratulate the hon. Martin Joseph, in advance on his new assignment as the new minister of National Security in this country. I have read with interest and I am following his career path.

Madam President: Hon. Senator, I think it is about time. You are getting into the habit of calling people directly by their names. Please, Sen. The Hon. or Hon. Minister.

Sen. W. Mark: Madam President, I sincerely apologize. I want to call my friend Sen. The Hon. Martin Joseph. And whenever that happen, if I slip up at all, I would like you to pull me up. Because sometimes in my pace, in my delivery, I do falter Madam President; you are there to assist me. Thank you very much.

I go back to this question of the \$249 million. Look at page 76 of the budget statement and you will see where the moneys are going. We are being asked as

citizens of this country to pay increases on unleaded, phasing out leaded, diesel and kerosene and hear where our money is going. This is the Community-based Environmental Protection and Enhancement Programme because Dr. Rowley, some months ago, told the country that they were going to extend CEPEP into the reforestation programme and we see that the \$249 million that would be derived from one having to pay at the pump—do you know how much it is going to cost you to put gas in your car to fill it? I do not know if you paid already, I paid and it is almost \$50.00 to \$60.00 more to fill a tank. In an ordinary car, it is not as Sen. Dr. Lenny Saith's. [*Interruption*] I do not have that again, I have a small thing. I cannot afford that again, I am now in the Opposition. So hear where our moneys are going. Reforestation programme in the sum of \$50 million.

Madam President, you cannot tell me that there is a Green Fund which I understand is over \$250 million—I could be wrong, but maybe the Minister of Finance could tell me what is the sum of money currently in that particular Green Fund. There is a Fund and businessmen and employers are being levied on a daily, monthly or yearly basis as they make their contributions towards that Green Fund.

Madam President, why is it necessary in the face of that Green Fund to continue to tax myself and ordinary citizens for a reforestation programme in the sum of \$50 million? That is a political programme for the PNM, not for the citizens of this country but for the PNM supporters. When I say supporters, I mean the elite in the PNM, not the ordinary PNM supporters; they have nothing to get. They are only getting crumbs. That is what the PNM supporters get. They used the PNM supporters to feed their friends, husbands and wives. We were told by the hon. Attorney General—I heard it and I could not believe it. I heard it myself on television when she intervened on a programme that was being hosted by TV 6 where she told the entire country that the Unemployment Relief Programme is a corrupt programme. She said that to the entire country and that individual is the Attorney General. We want to know what the Attorney General is doing about the corruption in the URP? [*Desk thumping*]

Madam President, as I said we have no problem with feeding the poor, we have no problem in generating employment, and in creating jobs. One needs jobs to live so let us not argue or squabble over that question. The issue is, do you take my money, do you take your hard-earned income to give money to a wave of ghost gangs, to criminals and so-called community leaders to buy guns, fast cars and drugs to come and rob me and kill my daughters? Am I paying for my own death? They are taking money from my pocket to fund criminals. That is what the

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PNM is doing. As my friend, Arnim Smith said, we talked about dollar-for-dollar, and that is their dollar-for-dollar plan, taking my money to feed criminals because the Unemployment Relief Programme is now going, and the women's component you would recall; I drew it to your attention in my contribution on the budget debate that over \$400,000 went missing under this women's programme, a wave of ghost gangs, no accountability and there is an Attorney General telling this country that she consciously is aware that is a corrupt programme yet the hon. Prime Minister increases the allocation to the URP and using that through what, to increase pressure on you and me. We have to pay more at the pump to ensure that gangsters, criminals, so called community leaders who are creating mayhem in this country; that they could have more money from me to kill me, to murder you and to murder our children. Only last night a director of a company called Rotoplastics Trinidad Limited perished at the hands of these criminal elements in this country. Came to rob the man of his car and when they could not get it they pumped bullets as if the man's life were meaningless in this country. He has gone, bullet for him! Who is next? You, or I? You do not know. One has to be careful about what one is doing. They are making me poorer in order to make gangsters richer.

Madam President, on page 76 of the document URP has increased to \$200 million, an increase of \$64 million of which \$15 million would be used to expand the women's component of the programme. How could they justify to you, to me and to the country this unconscionable increase in gasoline and fuel prices in order to give more and more work to people who do not work and they took the money? Do you remember when the PNM was illegally there for the couple months before they held elections, fellas used to go home, we know, we got the information. One criminal going home with \$500,000 a fortnight, half a million dollars. I cannot even work for that in a year, ordinary people cannot even work for that in a year but a criminal element is going home with \$500,000 of taxpayers' money because it is a ghost gang. He is in charge. He is extorting, he is imposing his will on people and saying he would get a job for them but when they get pay 75 per cent is his, and a quarter is theirs. That is the kind of thing the PNM is tolerating. And they come to ask me and you to pay for that, to continue that. We could never support this motion! [*Desk thumping*] We cannot support that.

Drainage and other community projects. They just executed 9,000 workers in Caroni. Not because they were talking about economics here, it is politics! Everybody knows it is politics! PNM feel they would run this country for the next 30 years, but over our dead bodies. That is why they executed 9,000 people in Caroni. What about those persons? They do not need community projects. Suicide

start already. Two gone, young people—33 years, no work, arguing over dollars and cents, no money. This is a heartless, evil, vindictive and vicious regime. It is like the devil incarnate on that side. I cannot believe that those fellas would do that. Nine thousand workers, they just execute and slaughter. What kind of a heart these people have on that side? I do not like to get involved in this argument. This is our country and we have to preserve it but we cannot sit idly by and allow what is going on to continue. You have to stand up and fight and be counted—and PNM have a fight on their hands. They could bring squad, flying squad and mongoose gang; they would face the wrath of the people at the appropriate time. The old Mahatma Gandhi told the world dictators and despots, they could only last for some time but they will fall eventually.

On page 76, you would see what is going on. I know and I have no doubt in my mind that these are depressed communities. Madam President, I know La Horquetta, I know Maloney, I lived in San Juan, and you know me. I contested against you in San Juan. You came on my stretch and greeted me to get my vote. Do you remember that, Madam President. I lost to the hon. Madam President, by 1,200 votes. It was a major contest, a major battle but the next time I would win. Whenever I go back to fight I shall win! That is all part of the learning experience and that is why I am here. I am learning as I go on.

Madam President, I have no problem with San Juan or the people of Laventille. The question is, how is this money that they are extracting from your pocket going to be utilized? Who is going to monitor and ensure that we get value for every dollar that we spend? Are we going to have \$50 million going into the pockets of criminals calling themselves community leaders? That is the question we have to deal with because here it is we are taking money from your pocket and my pocket and the ordinary citizens' pockets to put \$50 million in community projects. Did the Minister of Finance tell us what these community projects are about? What are they? I have not seen any details on those community projects. Maybe it is in the documents, they are so voluminous. Sometimes they escape me but we need to get some answers and to crown it all, CEPEP, which got about \$80 million to \$100 million in the last rounds, in this rounds they are being given \$225 million. More contracts for the chairmen, the councillors and other big "sawatees" in the PNM.

A former permanent secretary who was in charge of the Ministry of Education—I went into the records of the Company's Registry, that lady, big P.S., you know, retired, Madam President, getting maybe about \$10,000 a month or maybe \$15,000 per month in pension and do you know she is in charge of a

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CEPEP gang? Do you know she got a contract too? What is going on here? A “big” permanent secretary who was in charge of the Ministry of Education—I would not call the name but the next time if anybody threatens me on that side, they want name, I will call it. I have the name in my head if you push me.

Madam President, the reality is—in fact, when I was a Minister I knew her very well. She wears glasses, she lives in Westmoorings—I do not want to say more—but do you know what? She is a contractor. She gets a contract for three quarter million dollars—CEPEP and now it has increased from \$80 million to \$225 million so that old permanent secretary’s contract can now increase from three quarters to maybe a million dollars. It is not expanding, they contracting, they concentrating on their forces so you and I are being called upon to pay for these things and I want to repeat: employment in our country is an absolute essential. We cannot escape from generating and creating employment but we have always argued that employment must be sustainable, employment must be productive, employment must be rewarding.

We must not pursue a programme where, for instance, you give people, and they come looking for more and more because you are not weaning them away from the dependency syndrome, and that is the challenge we have here. When and where is it going to end? And no matter what the PNM does, they would continue to be in trouble because, as we have said, they have power but they do not have the knowledge to use that power. They do not know what it is to transform Trinidad and Tobago into a paradise, into a haven for this society and for the citizens of this land. There is a situation where everything is going to rise in this land as a result of this measure. This is why I feel that we are heading for dangerous times in this country because when the labour movements begin to rebel and to protest—the Minister of Housing is here, and he would testify, he would support my statement that in the restructuring of the National Housing Authority (NHA), out of 1100 workers who are currently employed at the NHA, 700 and above are to go.

Madam President: Hon. Senators, the speaking time of the hon. Senator has expired.

Motion made, That the speaking time of the hon. Senator be extended by 15 minutes. [*Sen. S. Baksh*]

Question put and agreed to.

Sen. W. Mark: You are so gracious, Madam President. Thank you very much. I would like my hon. friend, before he goes across to the Ministry of National Security and Rehabilitation to let us know if this is a fact, that close to

700 workers out of an establishment of 1100, given the restructuring of NHA, will lose their jobs. So when people start to protest in this country, high unemployment, they want more wages, they want more salaries, and they are marching against crime and so forth, what would you bring out? The flying squad, the hit squad, the fighting squad, what? This is why the Minister of Finance has indicated to this nation that he is going to equip the riot squad in a way that is second-to-none in the modern world, because he is expecting war and he is equipping the riot squad to confront the enemies. Who are the enemies, the people of this country? So he is coming out to brutalize people and to kill, and to maim, to use the resources to damage us. But the Shah of Iran, Gairy, Baby Doc—and history is littered with the bones of these people. You cannot oppress the people all the time.

Madam President, I want to share with you a few thoughts on this issue of the impact of these fuel prices on the crime situation in our country.

2.30 p.m.

Before doing so, I think the time has come for the Minister of Finance to level with us because we are getting conflicting reports. In this report I have before me, which is the Article IV Consultation Report by the International Monetary Fund (IMF), dated July 2003, there is a table on page 10 of the report. It says that the public sector debt-to-GDP ratio at the end of this year, based on their analysis, stands at 67.7. When the United National Congress was in office, up to 2001, the ratio was bordering on 60 per cent and we had taken a decision to have a moratorium on loans in the future. I have been told by the Minister of Finance that in 22 months the PNM has been able to reduce that from 60 per cent to 51.8 per cent. I believe that someone is misleading someone.

I want to get at the truth. I want to know what are the facts. Where, for instance, did the difference disappear? Did the PNM repay those debts? We do not know. The IMF is saying one thing and the PNM another. I want to advise my good and hon. friend, Sen. The Hon. Conrad Enill, that the IMF—and this is the only paragraph that I will refer to—on page 13, paragraph 20:

“The staff raised concern that the planned use of projected energy revenues would lead to excessive growth of the government sector and crowd out the non-energy economy.”

It states further:

“The government needed to avoid the pitfalls from previous oil booms (wasteful, inefficient spending) and consider sustainable consumption in the context of the country’s energy wealth.”

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It goes on to say:

“Competitiveness of the economy could deteriorate in such circumstances as demand pressures build, which would aggravate prospects in the non-energy economy.”

I say no more. I just advise the hon. Minister in the Ministry of Finance that they have to pay attention to this reality.

Madam President, as we speak today, you and I know that there is a relationship between rising poverty levels, the drug trade, unemployment, underemployment and the rise in crime. There is a symbiotic relationship. I have some statistics here that I received sometime ago, which dealt with—and the Minister of National Security and Rehabilitation can correct me if I am wrong—*[Interruption]* I am dealing with the traditional one; the one who has been there for 22 months.

As at October 15, 2003, over 174 citizens were murdered in this country. When we take 2002 as a whole, it was 171. When the UNC was in charge it was 151. Kidnappings in 2001 were 133; in 2002, 227 and by October 15, it stood at 187. What we have in Trinidad and Tobago is a flight. My hon. friend, Sen. Danny Montano challenged me the last time to identify two businessmen who have left this country and he would give me 10 who have come. I would not go for that, but I will tell you, Madam President, that the brain drain in this country is about 44 per cent annually. What I do know is that scores of businessmen have left the country and are operating out of Miami and New York. I would not call names. That would affect their security. It is a fact that the worsening economic and social conditions are leading people to migrate from the country of their birth to other lands.

You would recall, Madam President, that when I last spoke in this honourable Chamber—last Thursday to be specific—I made reference to a statement contained in the document called the Social & Economic Policy Framework 2004. You have received, and I have also received, an erratum. Madam President, did you receive it? I received it. It says—and I quote:

“At page 38/93 of the Implementation Matrix in the column Principal Strategies and Measures delete ‘especially Afro-Trinidadian males’ and insert full stop after 24.”

I think that is a laudable thing. I thought when I raised that issue that it was out of concern, as a citizen of this Republic, to ensure that there would be equity,

justice and fair play for all the people of this country, regardless of race religion, region, status and gender. That is why I raised that issue. I have no malice in my heart because my view is: if you are an Indian racist, I have no place in my heart for you; and if you are an African racist, I have no place in my heart for you. None! I condemn both with the same vehemence. What I want to know from the hon. Minister of Finance, however, is: Who is going to take paternity for this particular policy?

I was astonished when I read in the *Trinidad Express* today—I do not want to go to the headline—that the hon. Dr. Keith Rowley, Minister of Planning and Development—I do not know if temporarily something left him. I do not know what. Here is what is said here. That is why I want the hon. Conrad Enill, Minister in the Ministry of Finance, to clear the air. The hon. Minister Danny Montano indicated to me that it was an accurate statement. Later, the hon. Minister in the Ministry of Finance cleared the air and I thought that was the end of the matter.

Sen. D. Montano: Madam President, on a point of order. Perhaps there is some nexus between this and the price of gasoline? What is the nexus between what we are debating and the price of gasoline?

Sen. W. Mark: I am raising this because it was a very touchy issue at the last sitting and we have received an erratum in an envelope.

Sen. D. Montano: On a point of order: it is not relevant to the Motion.

Madam President: The Senator has two minutes left. I will give him the two minutes to make it relevant.

Sen. W. Mark: Madam President, in fairness, all I ask is whether this erratum represents Government's policy or whether it is a game. Dr. Rowley is saying in the papers that he has no apology to make for what is included in this document, but we have an erratum before us. *[Interruption]* We have *Hansard*. Does he want me to get that too? We want to get clarification from the hon. Conrad Enill, Minister in the Ministry of Finance whether this is Government's policy or his because Dr. Keith Rowley, the hon. Minister of Planning and Development, says in the newspapers that it is policy and that he has no apology to make for its inclusion in the document. I want to get clarification because we are going down a dangerous road.

I warn this Government that this kind of PNM apartheid that they are trying to introduce into this country will have very devastating consequences for the peace, harmony, stability and unity of this nation.

I thank you.

Sen. Dana Seetahal: Madam President, I know we are debating today the excise duty on unleaded 92 gasoline. The proposed excise duty is about 99.696 cents—to round it off, \$1.00.

I, like many people in this country, know very little about the energy industry. We do know that Trinidad and Tobago relies to a large extent on petroleum products and natural gas, which is the basis of our economy. So when we meet people on the street and they say, “Why are you all increasing the gas prices? If Trinidad and Tobago has so much oil and petroleum, why are we increasing this?” I want to know myself. I asked my colleague and she told me that it has something to do with the IMF requirements, but I do not think that the citizens of this country have been given a good enough reason.

If it was said, it was somehow submerged so that when we hear people protesting—we see it on the television; we hear it on radio and we hear people talking about raising taxi fare from \$2.00 to \$2.50. We hear people talking about how they used to put in half a gallon of gas and it was \$50.00, now it is \$62.00. None of this is consistent, first of all, with the increase that we have been given, which is supposed to be about 10 or 11 per cent. There is no easy explanation to the citizens of this country—a country where we are supposed to be enjoying a mini boom; a country that has all this wealth in petroleum products; a country that is supposed to be the richest, most industrialized in the Commonwealth Caribbean—that the price of gasoline must be \$2.70 per litre. If two litres are about a gallon, that is nearly \$6.00, which is about US \$1.00. It seems very expensive.

Not so long ago, gas was very, very cheap. I do not know how many litres are in one gallon, but I think it is more than two. Four. So, it used to be \$1.00 and now we are talking about between \$10.00 and \$12.00 per gallon. I want to know, on behalf of people who have asked me and people whom I have heard talking around the place, why it is necessary to increase prices. Why must we have \$1 tax, excise duty alone, on unleaded gasoline? If it is because of IMF requirements, are we still so tied to the IMF that we have to do everything that they want when we are supposed to be moving free and unrestricted to Vision 2020—a developed-nation status—in 17 years? And we are still like peewats—to use a common term these days—hanging on to the IMF?

That is all I want to say. I am asking questions on behalf of people who do not get an opportunity to verbalize it in a place where we expect, hopefully, some answers.

Thank you, Madam President.

Sen. Robin Montano: Madam President, when I heard that the price of unleaded gas was going up, I remembered a sign on the wall of a little cafeteria just on the corner of Mountain and St. Catherine's Streets in Montreal when I was at university. The sign read:

As you ramble on through life, brother,

Whatever be your goal,

Keep your eye on the doughnut

And not upon the hole.

I felt very much, when I heard that the price of gas had gone up, that we were being directed by this Government to look at the hole and not at the doughnut. It is the same principle of this so-called Vision 2020: Look at the hole! Do not look at what is going on around!

Let me put it to you this way, Madam President. The Minister of Finance tells us that the economy is accelerating, and, to be fair, the statistics seem to bear him out. But do not hold your breath waiting for your standard of living to improve unless of course, you are a CEPEP contractor or community leader like the late unlamented Mark Guerra.

PNM country is not good for working families. In the real world, which is the world of people trying to pay their mortgage and rents and their travelling expenses, the economy remains troubled. While the analysts and the commentators of the comfortable PNM class are assuring us that the Finance Minister's proposals have been good for the gross domestic product, the ordinary work-a-day folks are locked in a less sanguine reality. It is a reality in which, for a number of our citizens, living in poverty has increased in the last two years; the real medium household income has fallen for the last two years; travelling costs have gone up sharply in the last two years and in the last few weeks since the budget.

Let me give an example. On Sunday evening a young lady telephoned me at home. She lives at Pointe-a-Pierre. She says that her travelling costs—because she has to work in Port of Spain—has now gone up as follows: From Pointe-a-Pierre to San Fernando, travel cost has gone up for her from \$3.50 to \$5.00. She goes on the bus, so it is still \$6.00 for her, but she works on Cipriani Boulevard and she has to take a St. James taxi and the price to get from the bus station to Cipriani Boulevard has now gone from \$2.00 to \$3.00. In the evenings, she takes a taxi home as opposed to the bus and that taxi fare has now gone up from \$10.00 to

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\$12.00. Her travelling cost for the month used to be approximately \$500, now it is over \$600. She is expecting about \$120 a month increase. She said, “Mr. Montano”—and you could almost hear the tears in her voice—“I am beginning to wonder seriously if it is worth it. I find myself now working for other people. I am not working for myself. I am engaged to be married and, quite frankly, neither my fiancé nor I can afford to get married.” Their costs have gone up and it is these cries, Madam President, which we tend to ignore.

The Government can spin its 2020 vision any way it wants, but working people cannot pay their bills either with GDP or with Vision 2020. The vast majority does not have CEPEP because that is reserved for the PNM faithful. Working people need income from steady, sustainable employment and when it comes to employment the record of this Government is the worst since the oil crash in the mid-1980s.

The job picture is far more harrowing than is usually presented by the media. Despite modest wage increases for those who are working, the unemployment rate continues to hover officially at around 11 to 12 per cent, which represents almost 200,000 persons. Twelve per cent of 1.6 million, which is the real population of this country, is approximately 192,000.

The truth is that the real unemployment figure is closer to 20 per cent, which represents well over 300,000 persons. Tens of thousands of our citizens have become discouraged and left the labour market and there are tens of thousands more men and women who are employed, but are working significantly fewer hours than they would like. The decline in the number of persons not working today is such that we can expect serious dislocations in the economy next year and now is when they want to increase gasoline prices, which will impact on the price of everything else across the board. Now?

It would be interesting to see the Government statistics on the number of people working part time because they cannot find full-time work. Where is the sustainable job creation in this dismal mix of a budget that is increasing the gasoline prices that we are debating today?

Meanwhile, these are some of the things that our citizenry continue to face—sharply rising travelling cost because of the rise in gasoline prices; steep increases in food which are going to come, again because of the rise in gasoline prices. Families are living very close to the edge economically and this situation is compounded by the mountains of debt that private citizens are carrying because of unfair banking practices that are still being allowed to go on today. But we will debate that, hopefully, in the near future.

This PNM administration has made no secret of the fact that it is committed to the interests of only a section of the population. They have even published this in official government documents—the COSTAATT documents—and laughingly called it a misprint, when they realized how serious the admission was. They have turned this into a national fiat. A cornerstone of the Williams' era policy in this country was a commitment to policies aimed at raising the standards of the poor and the middle class. That is now clearly over.

Sen. Dumas: A point of order, please. Can we get exactly from where the Senator is reading his speech?

Sen. R. Montano: These are my words.

Madam President: Actually, I was just going through the Standing Orders to look for the Standing Order that would point out to the hon. Senator that an experienced debater like himself should not be reading.

Sen. R. Montano: Quite right, Madam President. I was reading my thoughts that I had written down because I wanted them to be accurate and because I wanted to be short.

When it comes to jobs, taxes, education and other programmes, this Manning administration has proven to be absolutely hopeless. In being hopeless like this, they are also taking us into budget deficits and when they do that, they do not understand, or do not care, that they are creating the potential for a currency crisis.

Let me explain. Timing of currency crises is hard to predict, but the warning signs are big trade and/or budget deficits and rising debt. Ask my good friend, Sen. Mary King. Ask any economist. Ask the unfortunate people living in Argentina what happened to them. Rising budget deficits, trade deficits and rising debt burdens. Our debts have begun to rise. The figures have been hidden and I understand now that it is somewhere in the region of \$42 billion to \$43 billion.

We are being told that is all right because our income is so much larger and they are doing this, that and the other; but we are spending the national patrimony and this is the danger. The danger is that there is now a huge structural gap that would not go away even if the non-energy sector of the economy recovers. That is the gap between spending and revenue. We have had a budget in which there is precious little capital expenditure; most of it goes into recurrent expenditure.

For the time being borrowing can fill the gap, but eventually there must be either a large increase in our income, a large increase in our borrowing or major

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cuts in public expenditure. What do they want? Do they want major cuts in public expenditure? So far, the Government has refused to admit that there is even possibly a problem. Even if there could be a crisis, they say it would not come and the truth is that for a few years we will be able to borrow because lenders will think that we have a bit of money; but the crunch will come.

We are going to have a “Wile Coyote” moment. For those not familiar with the roadrunner cartoons, let me remind you that Wile Coyote was the coyote who tried to catch “Beep Beep”, the roadrunner. In almost every cartoon, he would run off a cliff; he would be running on thin air and would get way out, suddenly look down and then he would go plunging, right to the bottom. This happened more than once in every cartoon. That is a “Wile Coyote” moment.

This is where we seem to be heading—rushing off the edge of the cliff with nothing underneath us but thin air; carrying ourselves forward when suddenly we would look down and there would be nothing there and the plunge would come. This time the plunge would be worse than the mid-eighties.

What are we going to tell the people then? Well, you know, perhaps they were right in 2003 when they said we really should be careful with high debt and running up debts and budget deficits, but it would be too late then and suddenly we would be forced to devalue our currency, again. Remember the good old days when it was \$2.40 to \$1.00 and then it started tripping over. Next it had doubled to \$4.80 and then \$5.00 and then \$6.30. Now everybody says thank goodness, here we are at \$6.30 to \$1.00; but once upon a time it was \$2.40 to \$1.00.

3.00 p.m.

Once upon a time when you made a TT \$1,000, you were making close to US \$500 a month. Now you make a TT \$1,000 per month and you are making less than US \$200. Is that what we want, to see our currency plunge once more? Do we want another Wile Coyote moment? Have we not learnt anything from the last time? I know it all sounds unbelievable but would you have believed three years ago they would be sitting there? No. Would you have believed a year ago that crime would have reached the proportion that it has reached and our leaders would have nothing to offer but blandishments and sorry excuses and would not have any solutions and we would see it continuing to spiral out of control?

Madam President, we are running into a serious problem. We are facing a crisis and nobody on the other side is listening. Their idea of debating is almost a cursing of the Opposition and saying: “Oh, you are such terrible people.” I said it last week and I will say it again, it is for them to persuade us, not for us to persuade them.

I fear strongly. I do not see the sense in this gasoline tax. I do not understand, like my friend Sen. Seetahal, why gasoline had to go up. Unless it was done in order to fund CEPEP, in which case I understand it all too well. With the greatest respect, that cannot be a good reason. It is not a good reason that many should pay for those few—not in this case. I do agree. When I heard the voice of the young lady on Sunday night and other voices: why, with no good explanation? I say to myself: “No this is not right, it cannot be right.”

In closing, I would like to remind the Government of the words of Albert Einstein. I would like them to think very carefully about it. He said: “Problems cannot be solved at the same level of awareness that created them.” Think about it gentlemen. Thank you.

The Minister in the Ministry of Finance (Sen. The Hon. Christine Sahadeo): Madam President, this country faces acute environmental problems related to our use of transportation fuels which, if left unchecked, could have disastrous consequences on the health and safety of our population. In this context, Madam President, as a responsible government we cannot sit idly by and twiddle our thumbs when our citizens' health is daily being endangered.

In the case of diesel, there have been instances of the mixing of kerosene and diesel as indicated by Sen. Mark as a cost-saving measure with little care and concern for the damage to the health of the population. Large clouds of smoke sometimes affect the visibility of drivers, who happen to be trailing vehicle emissions from combustion of such mixtures.

Similarly—[*Interruption*]

Sen. R. Montano: Madam President, on a point of order. The truth of the matter is I really would mind, but having been pulled up properly for reading, what is sauce for the goose has to be sauce for the gander. [*Desk thumping*]

Madam President: As I said when I pulled you up, you are a very experienced debater. I would be prepared, with the permission of the Senate, to allow Sen. Sahadeo, on this occasion. As we are on this point, during the budget debate I allowed nearly everyone to read his or her contributions. [*Interruption*] Nearly everyone. Sen. Sahadeo is still new. We will give her permission on this time, but I will expect in future that she will not read her debate.

Sen. R. Montano: Madam President, your ruling is most fair.

Sen. The Hon. C. Sahadeo: Madam President, I thank you.

Sen. R. Montano: I was only raising it because I had been pulled up, that was all.

Sen. The Hon. C. Sahadeo: Madam President, as you are aware, the energy industry is a very specialized one. For want of not quoting inappropriately, I refer to my document.

The situation with respect to the use of leaded gasoline is still with us after recognizing, for many decades, the deleterious health effects that lead has on the population, particularly on our children.

The fiscal measures we have taken are plain and simply meant to address the ensuing environmental issues. The marginal price increases in addressing these problems must be weighed against the fact that there were no increases in petroleum prices for many years.

This brings us to the important issue of the operation subsidy levy which was meant to fix prices at the pump. Over the last decade, we were faced with high petroleum product prices, which meant that a subsidy had to be paid on these products. Subsidies outstanding by government currently stand at over \$500 million, a situation, which I am sure you will agree, cannot be allowed to fester. It is important to note that petroleum companies pay part of this subsidy, which is currently capped at 3 per cent of their gross production. Clearly, to maintain this level of subsidized prices, a significant burden will continue to be placed on the treasury.

The Government of Trinidad and Tobago has taken the following fiscal measures in the 2003—2004 budget in relation to the wholesale and retail pricing of petroleum products. There will be a minimal increase in the price of gasoline, a 5.3 per cent increase in unleaded 95 Ron. That means, if presently your vehicle cost you \$100 to fill with unleaded 95 Ron, it will now cost you \$105.30 under this new regime. This means that there is also a 10 per cent increase in leaded 95 Ron. Similarly, if I use the base of \$100, it will now cost \$110. A 92 Ron gasoline will be introduced in the market at \$2.70 per litre and the price of kerosene and diesel would be brought up to \$1.50 per litre. As mentioned earlier, this is also to curb the present mixing of these gases to prevent detrimental environmental effects. These price adjustments are essentially regulatory and will have little or no effect on the general price level as those who understand the working of all items retail price index will appreciate.

Of course, some persons may seek as they always do, to unjustifiably gain an unfair advantage on the population from this measure. We heard a little about that from Sen. R. Montano. LPG prices remain at \$1.00 per pound.

Madam President, the mechanism to calculate the ex-refinery prices will now be based on the mean Caribbean postings plus a premium of TT \$0.02 per litre. Support for the operation of the refinery is geared to lend stability and energy security, to ensure continued energy supplies, not only to Trinidad and Tobago which presently consumes 20,000 barrels per day, but also the rest of the Caribbean territories. You will recall that during the first quarter of 2003, the Pointe-a-Pierre refinery was pivotal in maintaining petroleum product supplies, not only to the Caribbean, but also to Venezuela and some of its customers during the time of crisis. The viability of the refinery must therefore be protected in this regard.

Further, with respect to adjustments in the petroleum levy, the Government, in an effort to encourage and promote small producers, has exempted all companies producing less than 3,500 barrels of oil per day from paying the petroleum production levy. The Petroleum production levy is now capped at 4 per cent of gross income.

Madam President, as indicated by the hon. Minister of Finance, the Government of Trinidad and Tobago has taken the critical step to phase out lead in our transportation fuels no later than April 2004, if not before that.

At this point I would like to bring to the attention of the public, some of the critical environmental factors related to the use of leaded transportation fuels. Leaded gasoline phase-out is an urgent priority. Leaded gasoline causes more widespread human exposure to lead than any other single source. This is due largely to the dispersive nature of its use. When leaded gasoline is burned, extremely fine particles of lead compounds are emitted into the air, where they can remain suspended for weeks. These particles can travel significant distances and are absorbed very easily through the lungs. Lead eventually falls into the soil and dust, creating a reservoir of lead that can pose a health hazard for decades, if not centuries, to come. Young children, who are most vulnerable to lead's harmful effects, ingest lead in dust and soil as a result of their normal hand-to-mouth behaviour.

These three factors: the dispersive nature of leaded gasoline use; the ease with which it enters the human body; and the particular vulnerability of children to lead's harmful effects, combine to make leaded gasoline phase-out a pressing international environmental health and sustainable development priority. The projected increase in global motor vehicle use and the legacy of lead in soil and dust that leaded gasoline leaves behind make its phasing out all the more urgent.

Madam President, the implementation of measures to remove lead from the gasoline on a phased basis during the next fiscal year is directly focused on

improving the health and safety of our population. In the process of phasing the lead out of our transportation system, the Government of Trinidad and Tobago will ensure the suitability and adequacy of underground storage facilities. These concerns were also raised by Sen. Seepersad-Bachan. These facilities will be examined with the introduction of unleaded gasoline in tanks, which currently contain lead. We will also need to develop a marketing programme and implementation plan to sensitize the public to the benefits to be derived from the use of unleaded transportation fuels. The Minister of Finance makes it quite clear that this country is committed to taking the bold environmental step to remove lead from our gasoline.

With respect to revenues, the switch to unleaded will not alter the revenues derived from excise duties on gasoline, since all gasoline types will attract an excise duty of 99.69 cents per litre. I thank you.

Sen. Brother Noble S. A. Khan: Thank you, Madam President. We are indeed on a subject that is very close to many of our hearts and by extension, the whole nation. The matter before us touches upon the environment and the impact this new gas price, for which we are seeking a tax, will be playing, particularly in the amelioration of the negatives.

However, there are some concepts which have been with us for quite some time, and they continue to appear. I guess as long as there are budgets we will have that. I am speaking on the question of the concept of taxation. We know for a fact that taxation has, for a long time, been the basis upon which all governments have evolved and how this tax and the system of taxation have been and I think continue to be always before all budget officers, financial planners and economists.

Sometimes, however, I find myself—extremely limited as I am, when it comes to understanding—in a cul-de-sac. At times the situation could be very tragic when one thinks further into it. Given the ability of the human spirit to arise and go about some of these areas, we find ourselves in these types of positions, especially when we are dealing with systems which are manifestly imperfect and more so in an economic system which, I always feel, is geared not really towards ourselves. I am speaking about people—I wanted to say Third World—of the nations of the South who have graduated into this global village of which we speak. In the economic system, under which we operate—I mean the global economic system—how much benefit would we in Trinidad and Tobago derive?

We know for a fact that we are pretty blessed with good resources which were given to us by God Almighty. Because of that position, we are not as bad as we think it to be, particularly in the area of gas and petrochemicals which are before us.

To some extent though, I understand the point that we must have a tax across the board as far as all the types of gases we have are concerned. This is where we are now. What worries me is the net effect and where it hits us. I am speaking with respect to those who pay for it. The impression one gets is that linked with the system of the positive environmental impact is that a payment has to be made for it. That is what we are feeling outside there. That payment—to get back to the concept of the tax—to my simple mind, appears to be regressive. One gets the impression that this is a consumer tax; if you use it, you have to pay for it. If you do not use it you do not have to pay.

When one thinks in terms of the net effect of this, it is a basic industry and a basic input in our living space. Some of the previous speakers have touched on that. All of us are aware that the net effect of this increase will have negative effects, particularly at the lower end of the economic ladder.

I know statistics in our Third-World country have not been the best. Very often we hear it being mouthed about. The general impression we get from what is coming through, as far as the statistics are concerned, is that the statistics will show that there will be almost positively, a negative effect at the end of the basket of goods that poor people will be taking home. That also includes transport. This, to my mind, seems to be puzzling. Here we are in a so-called rich country, as far as gas and oil are concerned, where we are moving upwards and required to pay more. The net effect of this—if we put it in the statistics matrix is that we may find that the 22 per cent may be increased.

I do recall that the last time we had something like this was in the mid 1970s. At that time it was referred to as the increase in price. One of the strategies that was adopted for reaching down—the Prime Minister at that time said those at the lower end had to benefit; he was very strong on that—was the whole question of subsidies. That extended into areas such as T&TEC and a host of other utilities. I do not know if we could call the sale of gas a utility, but it does affect utilities. Apparently that technique that was used at the time has been thrown through the window. I do not know what has emerged since or what is impending. It was one that was tested and people benefited. We are now seeing a reversal of that. Here we have a basic for which we have to pay more.

To my mind this is a regressive tax. I may be wrong on that. I am not an economist but I dabbled with it a little during my school time. Definitely, the matrix of it is that here we have people who would be paying more. There are some who can pay for the gas. I heard some people are driving about in their Mercedes Benzes. They might be earning power that is adequate and no matter

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what the price is, it would not touch them as far as their living standards are concerned. When we think in terms of a smaller amount being great in a person's input, it is in this way that we are seeing plenty. The economic system at the global level puts us outside the pale of enjoying a benefit at the national level. Within the nation, it is being put into place, so that those at the lower end are at the receiving end of the negative.

This point worries me. If it is true as I see it, we would have to pay more but we would be receiving less. One would expect there is hope. The nation expected hope in the budget. I hope we could possibly see readjustments. When we think in terms of certain degrees, it would lead us to a modality of light that could definitely be one of betterment. There is a manifestation that this might not be.

I know there are certain big areas of the society, which I mentioned in my small contribution in the budget debate, which will come in January or thereabout which is not so far. We could expect a great amount of negatives coming here again. When we expect better, better must come. I do not know what effects the positives in the budget will lead to. Definitely, this is one that is fraught with negatives. What is this whole hope and expectation? How will it manifest itself? I hope to God we are dealing with lead and the removal of lead from gas. I do not hope that we would find the expression of lead in another way with which the nation is at present confounded. I am speaking with respect to what has been coming out of the barrel of a gun, as the case may be. Let us see power as something that is sacred which we can utilize for the benefit of our people.

Recently—we are in the area of the environment—a great person in the area of the environment has passed away in Malawi, the mother continent. She was there in an environmental job. She did make substantial contributions both at organizational levels and generally to the welfare and betterment of our country and the East Coast. I am speaking of the late Sylvia Cassal. I am sure our Minister of Public Utilities and the Environment would be more familiar than myself with her contributions. Today, especially with respect to the matter that is before us, wherever she may be, I think she is smiling.

Let me complete by expressing my thanks to you, Madam President. I also want us to pay particular attention to the situation. As I mentioned before, this does not fall well when we think in terms of the petrochemical industry and how we are feeling that feedback in our country. Thank you, may God bless.

Sen. Carolyn Seepersad-Bachan: Madam President, I am pleased to contribute to this motion by the Government, the Excise Duty (Petroleum

Products) Order, 2003, which was made under subsection (2) of section 13 of the Excise Duty (General Provisions) Act, and first published in the *Gazette* on the 6th day of October, 2003.

I listened to both Ministers in the Ministry of Finance, Sen. The Hon. Conrad Enill and Sen. The Hon. Christine Sahadeo. I am pleased to note that one or two of the issues I raised last week have been addressed. I was a little more disturbed—Sen. The Hon. Conrad Enill could correct me here— First, I would deal with the environmental issue which both Sen. The Hon. Christine Sahadeo and Sen. The Hon. Conrad Enill started off with.

Before I do that, let me just clarify something I said last week because I want to give details on it. When we say we are using the Ron 92, it is an average figure. It is not necessarily that you produce a stream that is exactly of a Ron 92—that is the octane rating. What happens in the refinery is that there are many streams that we combine together to make up the gasoline stream. Depending on what is available in the inventory at that time—you may be using light cat of a heavy cat distillate—each of these streams carry a different octane rating. When you combine it you determine a new Ron number that you have and you add lead to bring it up to what we call leaded gasoline. We are really trying to bring it up to Ron 95.

What has happened since then, when we started this project in 1998 with the Ron 92, I want to repeat this point because what the Minister is talking about now is introducing the Ron 92 to replace leaded gasoline. The Ron 95, which we know as unleaded, is really Ron 92 where we add the alkylates and MTBE to give that octane rating—Ron 95. That is why we say it is unleaded.

3.30 p.m.

Madam President, but going back to the Ron 92 stream, what had happened in 1998 when we started the project was that we recognized that more and more cars were being manufactured that could operate on Ron 92, or as low as Ron 91 and we sought to take advantage of that. However, we must remember that there is a percentage of the car population that still requires Ron 95—a higher octane rating so that it does have the anti-knocking and does not impact negatively on its performance. I am making this point because when MTBE and alkylates are added to that stream you will now have a different pollution problem, which was addressed by the installation of the appropriate catalytic converters. What happens now with the aromatics and the MTBE is that there is increased concentration of aromatics in the service station and emissions into the air and, in addition to that there is an issue with underground storage tanks with the MTBE.

Where there is increased emission of aromatics into the air that is carcinogenic. It is for this reason that when one looks at other countries one would see that special emphasis is always being placed on the complete combustion—that is cars must have complete combustion, whether it is alkylate or MTBE. If you take a car that was running on the Ron 95—that is Ron 92 with the lead added to it—if that car had a catalytic converter, that converter would have been poisoned or it may not have had the catalytic converter and, as a result of that we would have increased emissions of those aromatics from the MTBE and we will also have increased hydrocarbons.

We must look now at what is going to happen in the service station environment. The service station attendants and consumers who are there would be exposed to an increased concentration of aromatics and those aromatics are carcinogenic. The debate with the Environmental Management Authority (EMA), the Ministry of Energy and Energy Industries and National Petroleum Marketing Company was so fierce in 1999 that they were saying that the effect of those carcinogens were more harmful than lead. There was that debate.

If one looks at what has happened in California at the time MTBE was banned—it was banned because if it got into the aquifers there was absolutely no way to remove it or if there was a way, it was so costly that it was prohibitive. So, as a result of that, if the Government is going to move to unleaded gasoline, proper systems must be in place. This means that underground storage tanks must be double-walled fiberglass tanks and cannot use the existing steel tanks for that purpose.

Now, let me just say what concerns me in terms of what the Minister had said. He said—and this is probably in response to a point which I had raised about the traces of lead in the system—meaning in the dispensing systems and in the underground storage tanks—that they would use Ron 95 to flush out the system, and in January, 2004 Ron 92 will be introduced. Minister, am I correct?

Sen. Enill: Yes.

Sen. C. Seepersad-Bachan: My problem with that now—based on what I have just explained—is that if you use Ron 95 to flush out the systems firstly, you will be using Ron 95 to flush steel tanks—because there are several steel tanks still underneath there—so the problem of the contamination issue will be introduced, and from October to January is a very long time. Secondly, you would be creating another environmental problem at an increased cost to the environmental problem, because you are now using the Ron 95 in the steel tanks, and there are several steel tanks under those service stations that are still being

used to dispense leaded gasoline. So, the Minister is saying: “Okay, I will use the Ron 95 now to flush out those tanks, so everyone would have Ron 95.” This is what the Minister is saying. So from November 01, 2003, the National Petroleum Marketing Company and Petrotrin would have to deplete all the leaded stock and move to Ron 95. For this transition period—which I suspect would be a little longer, because it might take a little longer to get the Ron 92 stream up—what we would have is Ron 95 with the MTBE in it in the underground storage tanks that were used for the dispensing of leaded gasoline and that is a concern. Whenever we moved to put unleaded gasoline in a service station we had to ensure that double-walled fiberglass tanks were installed before the unleaded gasoline could be dispensed from that service station.

Secondly, for that three-month period there will be increased emissions of aromatics within the service stations. One of the ways to address that matter would be to enhance the vapour recovery system—meaning that you would have had to install systems in the service stations to be able to recover any of the emissions, and actually put it back into the system.

Thirdly, my other point is, a lot of cars will be operating outside there without the catalytic converters, or if these cars do have catalytic converters and were running on leaded gasoline all the time it would have been poisoned. In effect, these cars will be emitting more aromatics, and there will be an increase of aromatic emissions into the atmosphere; there will not be complete combustion; and there will be an increase in carbon monoxide which increases smog and so forth.

Madam President, during this transition period, the Government is saying that it wants to flush out all dispensing systems in tanks—I heard Sen. Sahadeo say that there was some study. Is this study going to tell us what—I know it will be less than 1998 to present, because that is why we had to stop the programme—percentage of cars will not be able to run on Ron 92? One has to remember that what these cars were operating on before was an average of Ron 92 plus the lead, which brings it up to Ron 95. So, these cars will not be able to work with Ron 92 and people will be forced to go to Ron 95 with the MTBE in it. Once that happens, again, that will be an environmental issue. I know it will be phased out over a period of time, but the Government needs to know that because it must be able to assess this situation.

I think from 1998—2000, we have seen a drastic increase in the number of cars that could have worked with Ron 91 and Ron 92. The point is—based on what I have just mentioned there—that when we start talking about the flushing

out of tanks and so forth that does not solve the problem. There are environmental remediation works that must go together with it and these remediation works take some time.

Sen. Dr. Saith: We cannot do it before January.

Sen. C. Seepersad-Bachan: The Minister is saying that the Government cannot do it before January. [*Interruption*] Well, if you had done the remediation works then, probably you could give us some answers, and probably shed some light on this issue. The Government would only be able to address this particular issue of environmental remediation with a service station upgrade programme. The Government will not just sit there and replace a steel tank with a fiber-wall tank. So what will happen now is that there should be new systems for monitoring and detecting hydrocarbon contamination and lead. The Government will have to do some environmental remediation. I would imagine that if the Government is going immediately to Ron 95 there should be a programme instituted to assist it in cleaning up the soil and also in the replacement of tanks.

Madam President, the other issue I want to raise at this point in time—having dealt with the environmental issue—is the whole pricing arrangement that we are talking about. I heard the Minister indicating that—at least this has been touted as the justification for the phasing out of unleaded gasoline. When these streams are combined—the five streams that I have mentioned—with butane and you make a stream called Ron 92, you do not have to add any lead. Lead was considered to be an expensive component which must be added to bring it up to Ron 95. I still do not understand why consumers are now going to be asked to buy a fuel with a low octane number for a higher price. In effect, when we had leaded gasoline we were paying \$2.45, but here it is I am buying Ron 92—the leaded gasoline is equivalent to Ron 95 which is a higher octane number—which is a fuel with a lower octane rating and I am paying more for it. The price has gone up to \$2.70. It does not make sense. Even Sen. Sahadeo said that this is all part of a new pricing arrangement for the phasing out of unleaded gasoline.

Madam President, let me deal with the subsidy issue. I want to direct the Ministers of Finance to several documents that have been generated on this whole subsidy issue. First of all, the Minister mentioned that the price of the unleaded gasoline, which is the Ron 92, has gone from \$2.45 to \$2.70. The Minister also mentioned that the wholesale price would be \$2.52.

Firstly, the ex-refinery price is a market price; it is not a controlled price. What happens is that in order to ensure that Petrotrin does not lose anything, on

the 10th day of the subsequent month, the Ministry comes up with a new price, which is based on a basket of figures. The price that the Ministry comes up with is a price that is equivalent to what is obtained on the international market and that price is used to determine if the subsidy is needed.

In effect what is being done is that the excise tax is added to the filling and handling tax, which we know as 99.696 cents. There is a filling and handling charge of 0.44 cents, and a wholesale margin—the wholesale margin meaning the wholesaler NPMC or UNIPET in this particular case—and they came up with that reference price. Now, if you take out the wholesale margin and the filling and handling excise tax, you will move down with that ex-refinery price. In our case, what we did was to look for figures that would give us a subsidy of zero. Therefore, if I use a figure of say 80 cents as the ex-refinery price—internationally the market price is 90 cents—then I must go to the producing companies and ask them for that extra 10 cents to provide for the payment of this wholesale price.

The problem with that subsidy arrangement is that when world prices are down and market prices are very low, we get into a situation called surplus, and the surplus itself has not been part of subsidy legislation. So when the prices are low, like during the summer months, you will find that when the reference price is calculated it is lower. In fact, the Government is receiving more money at the pump, and when they collect that money from the pump there will be a surplus. I think I saw—if I remember correctly—that the Government could end up with \$50 million in surplus, and the problem is that surplus is not being used as part of the subsidy legislation.

When the Ministry of Finance actually budgeted for this surplus as a line item—include this surplus into our income—it was, in fact, being put as a revenue stream in the budget. If one looks at subsidy legislation all over the world one would see that the surplus is supposed to be part of it. So in the event that you go into months—where that 3 per cent cap is now a 4 per cent cap—and the Government cannot take care of the subsidy, the surplus would have been able to alleviate it to some extent and, in fact, it actually balances off.

I want to raise the issue with respect to taxes. I did some calculations here and based on what the Minister was saying, he was coming up with a wholesale price of \$2.52. I do not know how he arrived at that figure, but there may be some error with my calculation. I came up with a wholesale price of \$2.42 after adding the Value Added Tax (VAT) on the wholesale margin. I am still a bit confused as to what is happening.

There has been an increase in the wholesale margin. I have not seen the Order. I would imagine that the Minister of Energy and Energy Industries would have issued that particular Order to effect that increase in the wholesale margin. So wholesalers have now moved from a price of 9½ cents to 12 cents—the wholesalers would have received an increase of 2½ cents—but UNIPET's—which is the other wholesaler in this industry—wholesale margin has dropped. UNIPET's wholesale margin has gone from 9 cents to 7 cents. So, on every litre, the Government of the day is now collecting an extra 5 cents in the wholesale margin from UNIPET's stations. I do not understand that. This is the same Government which talked about the implementation of the Fair Trading Bill and so forth. I am just looking at a Green Paper that was prepared sometime ago which is a proposal for the Fair Trading Bill. I am reading from page 3 of this document and this is dealing with the aims of competition policy in Trinidad and Tobago and it says:

“Against this background the government's proposals will have a single clear aim to promote and maintain effective competition throughout the economy, and to ensure that competition is not distorted, restricted or prevented either by private business conduct or public policy.”

How could the Government take a policy initiative like this which is really creating an unfair playing field? Why is the Government putting the private entrepreneur and the private investor at a disadvantage? Is this not unfair trading?

I am reading again from this document:

“Action to fulfill this aim will fall into four major main categories: preventing monopolies where they exist from abusing their power; preventing new monopolies from being created through mergers; eliminating anti-competitive agreements; providing the Government with an expert source of advice on all Trinidad and Tobago laws...”

In this context, I do not understand why the Government is treating the state enterprise with favourable treatment by giving them an increase in margin and decreasing other wholesaler's margin. I could understand that there may be some other technical issues, and probably NPMC has some additional cost.

Madam President, I would also like to turn the Minister's attention to another document that was prepared, which dealt with the way forward in the domestic retail market. This document is recent, 2001. This document also dealt with that issue and the ways and means by which this matter could be dealt with. This matter cannot be dealt with when the Government openly treats one party—especially the private investor—unfairly or with a disadvantage. I think we need

to have the playing field levelled. I cannot understand how the Government could have taken such an action.

The other issue is the excise tax, which is 99.696 cents that we are debating here. Everyone is asking the question: why is this increase in excise tax? I also want to remind the hon. Ministers of a report, which is dated September 24, 1996 by the Petroleum Retail Committee which is: To study and make proposals on the retail marketing of Petroleum fuels in Trinidad and Tobago. This is the report that outlined the plan for the liberalization of the sector and the programme to bring NPMC up to a form of readiness to compete at an international standard. I also want to reiterate a point that I made last week Thursday in my budget contribution. If one looks at the Appendix one will notice that there was an issue that was raised about this whole question of excise tax.

In fact, what we had done at that point in time was to come up with a new pricing structure, which would, in effect, remove the subsidy, but make the Government's revenue neutral. If one looks at what is happening with the subsidy now that the 3 per cent cap is being carried to a 4 per cent cap—when that is taken out from the gross revenue line, the Government would be deprived of the SPT and PPT, which is almost equivalent to 67 per cent at the bottom line. So if the Government puts that figure back in they would recognize that there is an income stream and that income stream does not have any subsidy arrangement.

Secondly, what we had also done with respect to this whole issue of subsidy was to look at how to reduce the excise tax. What we had also recommended was the removal of the excise tax because, in effect, the excise tax distorts the pricing of energy. We must remember that all countries have removed any sort of taxes. Countries that have maintained any form of taxes on fuels have maintained it in the form of a consumption tax.

Madam President, let me just read from a second report. The first report was done in 1996 and the second report was done in 2000, since the figures would have changed because of the volume—at that time we would have been consuming 400 million litres, et cetera. I just want to read a section of this report, because what was suggested at the time, in 1996 was that NPMC be given an increase in their margin, but that increase was given by reducing the excise tax. So there would have been a slight increase at the pump, because we were trying to remove the subsidy.

When the subsidy line was removed and revenues from SPT and PPT were being put back in, one would have seen that the increase in gasoline would have

been about 2 cents or 3 cents. That would have eliminated the subsidy. We were not suggesting that the subsidy legislation be removed, but what we were saying was that the subsidy legislation should stay intact, in the event that there is some sort of crises or huge swings in the international market pricing. As you know, we do experience these changes from month to month, and that legislation could be kicked in to stabilize revenue streams and so forth. The 9½ cents that we had proposed then was a 5 cents increase which would have been an increase from 9½ cents to 14½ cents in the wholesale margin. I am reading now from page 11 of this report and it says:

“Not implemented resulting in reduced profitability for NPMC...”

Because NPMC continued to fund its service stations upgrade programme without this 5 cents:

“and an inability to fund the further upgrade of the service station network from internally generated funds. It is estimated, as a consequence, that in the three years since 1997 the company has been deprived of approximately \$114 million in revenues proposed in the report.”

Although NPMC was deprived of this revenue they were still able to continue to build service stations from internally generated funds. In terms of the rationalization of the tax regime:

“Rationalization of the existing tax regime will assist in the elimination of the subsidy arrangement for petroleum fuels and the introduction of a consumption tax. There is also need to rationalize excise duty arrangements and import duties to reflect government’s macro-economic policies.”

This is the important point:

“Currently the existing structure treats favourably the importation of petroleum products.

Tax is paid on locally manufactured goods in the form of excise duties. The differential between import duty and excise duty is the measure of the protection offered to the locally produced goods. Accordingly, if the market is allowed to source imported product, import prices must be brought in line with locally excised product either by downward adjustment of the excise duty or the imposition of additional taxes on imported product.”

Sen. Dr. Saith: Why did your government not do all of that?

Sen. C. Seepersad-Bachan: The point is we never increased the excise duty.

What the Government is doing is widening this gap further—that differential gap between imported products and the locally produced products. So, in effect what the Government has done is to expose our consumers to higher prices, and there is really no need for that. I am now reading from page 13:

“Not implemented. This was to be implemented through gradual increases, over a two-year period, of pump prices.

It should be noted that the Government effectively pays 55% of the subsidy by allowing the levy to be expensed and that the existing legislation makes no provision for the surpluses generated under the system to be netted against the subsidy.”

Why I am making this point is because when one looks at what has happened with the increase on the wholesale margin, the VAT component was also increased by .0652 cents. Now, it is also my understanding—I stand to be corrected—the retail margin was also increased—meaning the dealers’ margin. There was an increase of 1 cent or close to 1 cent for the super gasoline products, and there has also been an increase for the other products by about ½ cent in diesel and so forth. Again, what has happened is that the Government has, in effect, increased the VAT at the lower level so, for example, the Government would have increased the VAT component by about 15 per cent of that 1 cent. So there would have been an increase of .15 cents if the dealers’ margin were increased by 1 cent. I wanted to bring that into the picture.

I think last week Thursday I mentioned the point about OLADE findings when they looked at the issue of using taxes. I know that Sen. Mark made the point and several others have been making the point that when taxes are imposed—at the time when taxes were imposed on fuels there was this myth that you were taking from the higher income to give to the lower income but, in fact, that is not what was happening, because of the widespread use of transportation and the impact on the economy—whether it is in the manufacturing sector or service sector—all levels would be affected negatively by this increase. What you will find is that it was not necessarily those at the higher income level that would be paying. If one looks at this structure one would see—I think it was alluded to—that they would get a cost of living allowance to defray that cost.

I also understood that the wholesale margin for Ron 95—this is the unleaded fuel—has been decreased from 18 cents to 15 cents. So, again, the Government is getting an extra 3 cents. What does all of this do? If I do a quick calculation here using a figure of 600 million litres per year which is being consumed by the

public, with respect to gasoline alone, we would have gone from a situation where there was a subsidy of \$42 million—meaning you had to find that \$42 million—again, the Minister could verify the figures—I am seeing that the Government is actually getting a surplus at the pump of almost \$73 million. This is what I do not understand. How is the Government going to use the subsidy legislation to be able to pick up its wholesale price? These are just some of the issues that I am hoping we will get answers for in due course.

4.00 p.m.

Madam President, the hon. Senator also mentioned that the price of LPG has been maintained, and there needs to be some concern. There was the signing of the LNG Trains and there were attempts—under my time—for us to have access or harness the liquids from those trains, because by maintaining the price of LPG you are, in effect, putting Petrotrin at a disadvantage. Unlike the super gasoline, the refinery price floats and they are paid according to the international market pricing, whereas the LPG is not. It is controlled in order to get that controlled figure for the consumer. What happens, therefore, is that Petrotrin is producing LPG, which it can fetch at internationally-based market prices, which will be much higher than what they are fetching in the local market for LPG. Several times they have made the point for them to continue to supply the local market under those conditions thus putting them at a severe disadvantage.

I also want to make the point—because this is something that has started several years ago with Phoenix Park—that all the liquids that they process go to Phoenix Park and are exported as LPG, and whenever the cat cracker at the refinery goes down, we have to source product at Phoenix Park. I remember at one time, for a period of two months, we ended up in an expensive situation of almost \$8 million which we could not recover, because no one could have paid that cost. Hence, the issue I am bringing is, if there are liquids available to us, as another option, the country must harness those liquids in the event that it needs to supply. I know under the LNG Trains 2 and 3, there was a big issue over it in the negotiations, and everybody said that I was raising an issue about running out of cooking gas in the event that there is no supply at Petrotrin, and there will be no alternative supply other than that available at internationally-based market price.

The Minister also mentioned the Petrotrin refinery and the protection of the refinery, and that is something we need to be very careful about. The whole idea of protecting the local refinery—and Petrotrin continues to enjoy that premium market of the Caribbean—you may want to protect that entity, but the problem is, when you protect that entity, it does not bring it any closer to what is happening

with liberalization in the region. If there is liberalization, and as we move towards the Free Trade Area of the Americas (FTAA) and the World Trade Organization (WTO), that Common External Tariff (CET) will disappear. When that disappears, Petrotrin must be able to compete with others, including Venezuela, and PDVSP, who would also want to supply this premium Caribbean market.

In terms of the subsidy arrangement, the hon. Minister also mentioned that there was this whole issue of the elimination of the production levy; that is how we get the subsidy—from the producers who are producing less than 3,500 barrels per day—which was passed in the Lower House yesterday—I just want to bring to the honourable Senate, that we have today a struggling land production of about 4,674 barrels per day. The average production per producer is about 200 barrels per day. If you had not eliminated that 4 per cent cap, what it was costing the producer was just about 8 barrels per day—which is equivalent to TT \$44,000 per year—to supply that subsidy that they would have had to contribute to the production levy, which is used as the subsidy.

That really does not address the issue of re-stimulating the whole onshore land production. We have fields that are depleted and we refer to them as the stranded reserves. I think I have heard that on the other side. Petrotrin has about 3,000 wells leased out, but only 700 have been re-activated. These lease farm-out operations that we are referring to—because you want to invite the small entrepreneur, for example, the service companies and so on—cannot afford the high overhead costs and the huge capital outlay.

So I appeal to the Government that it is not a matter of removing that production levy, as the hon. Senator said, but to give consideration to these marginal and sub-marginal producers, a treatment for corporation tax only, and remove the SPT and PPT for some temporary period. When you do that, at least we can aim to achieve a 10,000-barrel per day production. Madam President, that can reactivate the service suppliers, the drilling companies and so on. This is why I want to take up the plea from the South Chamber of Commerce that we need to move in that direction. The Community-based Environmental Protection and Enhancement Programme (CEPEP) might even get something out of it. I know the other argument would be that the SPT and the PPT will kick in only at the \$14.01 Minister—that is according to this benchmark crude, the Venezuelan marker, 25:27. Still, at that point in time, there will be an incentive to increase the production level. Because once crude oil prices are high, there will be that motivation to move that point if there is no SPT and PPT.

I just want to turn to this whole issue, again, of the excise tax that we are talking about, and the whole pricing structure. I also want to point the Minister to another document that was done in collaboration with the Minister of Energy and Energy Industries and NPMC. Again, it is a whole calculation. I think they used a \$30 barrel, and when they were introducing the Ron 92 they were able to come up with a situation where the Government comes out revenue neutral with a subsidy of zero. That calculation is done there.

Let me turn very quickly to the alternative fuels situation. We talk here about excise duties, et cetera, and that is, in First World countries there are taxes on fuel, but for a different purpose, and this is what I thought we would be moving to. We are talking about carbon emission taxes, and all this means is that there is an alternative fuel that must go into place. They talked about CNG being touted around in the mass transit system, but the problem is, if you do not get enough CNG stations in place, no mass transit system will work. We have tried that already with the PTSC. I do not know if the hon. Minister may have seen the report. The reason it could not be implemented was because there cannot be an arrangement where the buses would be CNG and diesel and so, too, many of the commercial vehicles; it does not work. As a result of that, buses and commercial vehicles must be bought specially equipped for CNG. There is also a higher cost capital outlay to acquire, because the cost of a diesel bus is lower than the cost of a CNG bus.

Now, the CNG itself must be available to allow these buses to be re-fuelled at different points, because if there is only a station in Port of Spain—which is what the NGC, NP and the ministry were trying to set up, a special station—it will not work. Therefore, if that station was put in, there would have been a figure of 4 per cent rate of return coming out of it, which was not making sense for NP or NGC to make that kind of investment. As a result of that, it was decided that to introduce this mass transit system with CNG, there must be a network of CNG stations.

It brings me right back to the whole service stations upgrade programme, where I am hearing that leaded gasoline would be phased out; CNG is being looked at but you are not hearing anything about the service stations upgrade. I see now the margins have increased. For the five years under the UNC we did not have an increase in the wholesale margin, but we proceeded with the service stations upgrade programme. For whatever reasons the citizens of this country deserve modern state-of-the-art service stations like what they will get when they go to the United States, Barbados, Grenada and Guyana. I know the project was condemned from beginning to end, but the cost can be avoided.

On international standards, it will take you US \$1.2 million to put up state-of-the-art stations, with double-walled fibreglass tanks, with leak detection and monitoring systems. I am saying this because those service stations have not been upgraded. That was not an upgrade in Mon Repos. What is money being spent on? Why? No environmental remediation was done and I want to know what has happened to the lead under that station? When is it going to be removed? Existing dispensers were used from within the stock that you had and you went back to the antiquated technology. There is need to continue with the state-of-the-art computerized facilities that we had at those service stations. Our citizens deserve that; they do not deserve anything less. [*Desk thumping*] When I look at the current situation of those service stations—[*Interruption*]

Madam President: Hon. Senator, your speaking time has expired.

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

Question put and agreed to.

Madam President: Hon. Senator, let me just say to you, to please address the Chair during your contribution.

Sen. C. Seepersad-Bachan: Sorry, Madam President, I would remember to address the Chair. I was making the point about the upgrade of the service stations. If you look at the current status of those service stations, I am amazed that when Government Ministers come in there, alarm bells do not go off. We had designed clean stations with no hydrocarbons; there were automated systems in the event of a leak. I remember, in the beginning, if there was a leak on the nozzle the system would shut down and there would be no dispensing of fuel. When you go into these stations, there is oil and gas on the floor; you even walk in it; when you look at the condition of the dispensers, they are black. What is happening? Our citizens deserve better than that. We need clean stations. They keep monitoring; they are fixing this; they are fixing that; and all they are doing is taking away from the aesthetics of the stations. These stations were designed to create an impression of a safe environment, a lighted environment and a clean environment. So when you are talking about your further upgrades take that into consideration.

Madam President, I also wanted to bring to the fore this issue about Vision 2020. Last day, when I brought up the issue about Vision 2020, I got so much knock on this whole issue of Vision 2020, and every speaker on that side got up and said that they do not know why I do not understand what is Vision 2020 and

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so on. Let me just say what I mean by a vision. My understanding of a vision is how you define that state. If I say I want to be at a particular point in Vision 2020, it is a state; it is not an objective, they are not goals, they are not action plans. What you develop is a plan to take you from point A to point B. So when we ask: What is Vision 2020—I probably could understand why it is so mind-boggling.

Your action plan—which is what the *Social Economic Policy Framework* document spoke about, and which I quoted from the last time—will take you from where you are today to Vision 2020, but we must know what is Vision 2020. And when I raised the issue about the benchmarks, and my colleague here, Sen. R. Montano raised the same issue, and, that is, what are they? First World nation status is not telling us anything! What is First World nation status in our context? What parameters are we defining for that?

When I mentioned the Malaysian issue, everybody got vexed and they said “no, no”. But they have said in Malaysia that to get from where they want for their Vision 2020, they have to double their GDP. I know Sen. D. Montano raised the issue about where he got the calculation for the 10 per cent in GDP. Let me just read very quickly page 5 from the *Newsday* of Thursday, October 02, 2003. It says:

“Ten percent growth needed for Vision 2020, says Farrell

Executive Director of Guardian Holdings Limited, (GHL), Dr. Terrence Farrell, has advised that if Trinidad and Tobago aims to attain developed nation status by the year 2020, it has to achieve a rate of growth of ten percent per annum...”

That is where I got it Sen. D. Montano.

“He was speaking at the recently held pre-Budget Breakfast Seminar, organized by the TT Economics Association... Dr. Farrell, who is a member of the 25-member multi-sectoral core group established by the Ministry of Planning and Development to develop the road map towards Vision 2020, revealed that TT presently had a per capita income of US \$7,000 per capita.

When compared to other developed countries, he maintained, we were far behind...the Organization For Economic Co-operation and Development (OECD) which had a per capita income of between US \$25,000 and US \$33,000. Another group of countries, labelled the High Income Developed Countries, which includes Singapore, had a per capita income of between US \$17,000 and US \$22,000. ‘If we have to get to developed country status by

2020,' he said, 'we need to establish some kind of benchmark outside which this can be done.

'Maybe we will not get to US \$20,000, but the question is what does TT need to be able to do to get within striking distance of those countries?...

He said, 'We need to understand that no country is going to jump from where we are now, growing at about 4.5 percent GDP to seven percent in 2004. This can't happen, economies don't behave this way.' TT, he continued, therefore needs to accelerate gradually from where we are now at 4.5 percent up to and in excess of seven percent...

Therefore, if the country intended to accelerate growth, it was necessary to create imbalances, always being cautious of the fact that if certain conditions get too far out of balance, this will result in a crisis situation. Dr. Farrell expressed his belief that the 2003/2004 Budget would revolve around two major areas, namely the quantity of expenditure or the size of the deficit and the quality of this expenditure'. He said, 'What you want is that from a growth point of view, a significant part of expenditure should be on capital formation. If you spend too much Government and society expenditure on consumption and not enough on capital formation then there will be no growth.'"

Which is the point everybody has been making around here. Capital formation means, how do we invest in the productive sectors of the economy and the revenue earning capacity of the nation? So when I got this figure of 10 per cent, I did not pull it out of a hat, I got it from this article—[*Document shown*—]—and that is what I used.

My point is, even the benchmark of per capita income and the GDP growth does not really address where we want to be in Vision 2020. Are we addressing the improved quality of life? What is important is that we can have 10 and 15 per cent economic GDP growth, but are we sure that there will be that equitable redistribution of the wealth to all citizens of this country, so that we would have that improved quality of living? I bring this point back again because when you look at the measures taken in the budget, it is so confusing; it is one like this. How does this fit in to Vision 2020?

If you look at a first world nation, most of those nations have gone towards a liberalized sector and a de-regulated pricing regime, and you have not pushed yourselves any further to a de-regulated market, because you have imposed higher excise taxes, when you should have been reducing them. This is why I cannot agree with this Motion on the part of the Government. In fact, the Government

Excise Duty (Petroleum Products) Order
[SEN. C. SEEPERSAD-BACHAN]

Tuesday, October 28, 2003

has been increasing the prices, which has the effect of eroding the competitiveness of the production of goods and services of this country.

To counteract this, you now have to increase productivity. That is the output delivered by this level of labour. If you increase the taxes, because you want to introduce carbon dioxide taxes or carbon emission, in effect, to improve the environment, that is a different issue. You are doing that now to provide a disincentive so that people will move to cleaner fuels. But then, there must be an alternative which is compressed natural gas (CNG), and hence the need to upgrade your service stations network. But instead of placing this to increase our productivity, the worst thing about this is that we take the money that is being derived from this increase and it is being put into CEPEP. I do not understand. It is placed into a level of consumerism, which is exactly what Dr. Farrell was speaking about in this article. The extra \$200 million is now being placed into the effect of consumerism. How does that help us in the capital formation of improving the productivity of the sector?

When we said that we want to talk about competitiveness over a comparative advantage, Sen. D. Montano mentioned, “Yes, if you were listening to all of us this is how we are creating our own competitive advantage.” How are you creating this competitive advantage when you have increased the delivery of goods and services, therefore, eroding our competitive edge? This is what I do not understand. So the whole reason and the rationale for increasing this price does not make sense. As I mentioned before, the cost of producing the Ron 92 is cheaper, but we increased the price and at the same time we want to maintain a competitive sector. We know in Trinidad and Tobago our entire economy—as Sen. Mark pointed out—is based on the fuel prices.

I really cannot understand this vision and this multi-sectoral development plan. This is the first example of the budget being a one-year plan. That is not based on a plan for re-attaining your Vision 2020. Do you know why? You do not know what is Vision 2020. You have not defined it, and you need to define it. You see, when Sen. The Hon. Yuille-Williams got up and said that somebody told her that they know Vision 2020, because they need a computer, that may be a positive impact, but is it Vision 2020? Sen. The Hon. Rennie Dumas gets up and he says, “Oh, it is about re-forestation.” Those are targets of your plan along the way. That is not your vision. [*Desk thumping*]

I just want to make this point about this multi-sectoral development plan that you are looking to derive, and would take you to Vision 2020. Of course, there is this multi-sectoral development plan. This is because you are looking to find ways

to ensure—and we have limited resources in this country; whether through the public service or through the natural resources that we have and which we are exploiting. They are limited resources. What is the optimum use of those resources to maximize your objectives in terms of attaining Vision 2020? This is a perfect example. You have a plan and in the plan itself you want to ensure that they do not end up competing for resources, and there is conflict for resources. For example, you do not want the Ministry of Health conflicting with the objectives. And this is an example of conflicting objectives.

You want to fund a social programme so you increase the price of gasoline. That is all it is. It had nothing to do with the phasing out of leaded gasoline. And as I just demonstrated, there would have been a price reduction. I just wanted to end on this note, that when you are coming up with these measures they must be based on something solid. My problem with this particular administration is that that they must look first—I need \$250 million to support CEPEP or X million—*[Interruption]*

Madam President: Hon. Senator, your time is really up.

Sen. C. Seepersad-Bachan: Thank you, Madam President. *[Desk thumping]*

Madam President: Hon. Senators, it is at this point we will take the tea break. We will return at 5.05 p.m.

4.27 p.m: *Sitting suspended:*

5.05 p.m.: *Sitting resumed.*

Sen. Basharat Ali: Madam President, I propose to have a very short intervention into the debate on this Motion. Let me first thank the Minister in the Ministry of Finance, Sen. Sahadeo, for her dissertation on the toxicity of lead, the deleterious effect of lead, including all the physiological effects that it may have on the body politic. However, I would say that in fact the phase down and eventually phase out of lead was only indirectly related to environmental questions. The first thing that happened, in fact, was that they were trying to tackle the problem of unburnt hydrocarbon emissions in the exhaust of cars which affected the atmosphere, particularly in states like California, resulting in smog, et cetera.

So one of the solutions was to install afterburners to burn out the unburnt part of the fuel in the exhaust system, and these afterburners were called catalytic afterburners. As the name implies, they had a catalyst in them but the problem is that this catalyst was poisoned by lead. So steps were taken then to phase out

the lead so that the catalytic afterburner will perform its function and reduce the other emissions, the hydrocarbon emissions, in the atmosphere. So it is an indirect reason for reduction in lead. It is a good reason for doing it, and a creditable one, and I think the whole world is benefiting from it. As I said at the end of my contribution to the budget debate, I do support fully the removal of lead from our gasoline stream and I feel, in fact, that it should have been done earlier because we were already at a relatively low level of lead as far back as 1995. So I will not say very much more on that particular topic.

There has been a lot said today, particularly by Sen. Seepersad-Bachan, on blending and the cost of blends of leaded against unleaded, and they were trying to make out that it is cheaper to have unleaded 92 octane than leaded 95 octane. I think that is very debatable. I would point out that octane is not the only component of a gasoline so that you have vapour pressure, you have the boiling range of the gasoline, you have what the end point is and you have another octane factor, how the gasoline behaves on the road. That is why in the US, for example, you often hear of the formula $R + M$ over 2, which is research—which is what we call RON—plus M —which is motor—divided by 2 and that becomes part of the specification which qualifies the behaviour of a gasoline in a motor car. I believe our 92 RON in fact is equivalent to the 87 RON plus MON over 2 in the US. So what we virtually call premium is really regular gasoline in the States, As far as I know; and as I said, I do not intend to get into the debate as to blending.

Having said that, gasoline is a mixture of components and has a variety of properties, I believe that if we go into a refinery it is like going into the kitchen. We look at all the raw materials that are available and decide to make a particular meal, in this case. In the case of gasoline that is what we do in blending. In fact, it is often called recipe blending because you look at all the components, the high-octane components, the low-octane components, and you put them together to finalize a blend, so it is not a straightforward thing and I say that advisedly. I have been involved in that kind of process for many years and I do not think it has really changed very much in terms of what we do in a refinery to arrive at finished products based on the available components within the refinery. So I would leave it at that and not get into that long argument.

I intended to start my contribution to this Senate today by saying that excise duty in fact is a consumer tax. Excise duty is normally levied on local production and local sales of a material as against import duty for material which we import and the level of excise duty on our fuels in fact is quite high. If we look at the relevant estimates of excise duty, you will see a figure of \$618 million for the

year 2004 for excise duty for petroleum products, which is primarily the automotive fuels. It is much higher than excise duty for rum and spirits, which is \$140 million; beer duties—\$145 million; cigarettes—\$154 million. So that out of that total budgeted figure of \$1.06 billion of excise duty, the figure to the consumer, to the motorist, in fact, is the highest in terms of the overall percentage, \$618 million out of a total of \$1.058 billion. So it is quite a substantial amount.

The motorist also pays another tax. I have not heard many people say it but the motorist also pays VAT and, as a sales tax, a consumer tax, if you do not use it you do not get charged. I did a little calculation which would suggest that the total VAT on our gasoline consumption is about \$213 million. I am subject to correction because I have to use what I consider my best guesses when I do figures. That figure is a number which, together with the excise duty, adds up to \$830 million and, strange enough, that is more or less what royalty is from the producing companies. That \$800-plus million is the level of royalty. So we are, in fact, as consumers, paying our way through as much as the producers pay royalty as property income to the Government of Trinidad and Tobago for the benefit of themselves and for others to produce oil and gas offshore there. So I think that it is an important number and one which the Government can always consider.

If you want to look at, say, the reduction of prices to the consumer, then one can look at the reduction in excise duty if you feel that that is the way to go and it is unlike the others which are purely luxury tax of one kind or another, whether it is cigarettes or rum or beer which are non-essential, the transportation tax which we are paying in fact in terms of excise duty on motor fuel is in fact more or less like tax on an essential and affects the whole structure of our economy in that it affects prices as we go right through from retail prices to other sectors which use fuel as the material, as their base.

I, Madam President, was a little concerned also about the levy and subsidy. I had to ask the question, after reading the budget presentation, whether the original Levy and Subsidy Act of 1974, which is when it went into effect, was being used or was it repealed and I was told subsequently, no, it is still there, it is still in use but all that has been done is—and I think that is during the NAR regime—they put the tax of 3 per cent of the gross revenue from the oil producing companies as the maximum level for the subsidy.

I am looking now at this increase from 3 per cent to 4 per cent as a cap and I am wondering how it is that this additional amount of money, which is quoted as 249 million, can be used to provide other services when in fact within the Levy and Subsidy Act it is a neutral tax. Subsidy is equal to levy which is divided

among those companies in relation to their production. One nice thing about it now is that those small companies producing less than 3,500 barrels per day will be exempt from it and I think that is a very good thing. They need the incentive to produce oil at the higher cost level but I am questioning, and I hope the Minister in the Ministry of Finance will give me a feedback on that: how can you use this additional 1 per cent of levy and assign it to these various things when I think really, as I said, it should not be so?

The other thing that I questioned was the level of that \$249 million, I think, was the figure quoted because I, in my budget contribution, sought to get some figures, particularly of pricing of natural gas and the figure for the average price of crude oil, not the benchmark price or the baseline price, and I tried to do on the basis of that some calculation of what the gross revenue should be for the year 2004. I used a crude oil price of \$23 because, on the basis of 40 per cent of the crude oil being of lower quality than the East Coast crude, I thought 23 per cent might be a good number and I used 133,000 barrels a day, which was the figure quoted in the budget, and I arrived at a gross revenue of \$7.053 billion from crude oil.

Then I go to gas and the figure given to us for production is 2.93—I used 2.9 for my easy arithmetic—2.9 billion cubic feet per day, that is 2.9 thousand MCFs, and Minister Enill at the end of his wrap up had given us a price of US \$1.20 per MCF as the price for natural gas used in the budget. If I use those numbers, the 2.9 billion for production, \$1.20 per MCF for price, unit price, I arrive at \$8.024 billion. So if I add those two together I get just over TT \$15 billion as the gross revenue for the year 2004. One per cent of that is not \$245 million or whatever it is. So one of these numbers is wrong, and I am quite prepared to say that I am wrong, but I am using figures which the Minister and the Prime Minister in his budget have given as a basis for the budget. So I would certainly like to get some clarification as to where that \$245 million came from and whether it can be used, as was said in the budget, for the purpose stated there, which—all noble purposes, but it is a question of whether you can take the producer's money and give it that way.

I also must bring to your attention the fact that the production levy, although paid by the producing companies, in effect really means a deferral of loss of funds for the Government, if I may put it that way, because at the end of their taxation year or the quarterly whatever it is, they will have whatever they pay as levy as a reduction in their revenue and I presume these are all very profitable companies and subject to 55 per cent petroleum profits tax. So that in effect, for whatever is given as subsidy or worked out as levy, the Government is, in the long run, foregoing 55 per cent of revenue because it is an incremental amount based on the

revenue of the companies concerned. So I wanted to correct that notion that it is not the Government that pays it and it is the producing companies that pay it.

While that may be so in the first instance, the Government gets the tail end of it in that they do not collect the taxes, and even very seasoned journalists come with that kind of conclusion. On last Thursday's energy *Business Guardian*, a very seasoned columnist in energy said:

“This levy has long been a charge on oil companies gross revenue and has been used since the 1970s to subsidize the cost of local gasoline sales...”

In parenthesis:

“(contrary to public belief, this subsidy has never come out of the government's coffers).”

Sure it has not come directly but it has come indirectly and I am sure the Government is aware that it pays 55 per cent or foregoes that amount in taxation whenever it agrees on a certain subsidy for gasoline.

So, Madam President, I would say that in the whole of this procedure for taxation, whether it is excise duty or otherwise, it is really to a certain extent the business of the consumer to look at what he is spending now. If he decides to utilize, buy gasoline, then he is a little out of pocket and so it affects his pocket, and if he burns it then it affects our environment. So I am urging conservation, conservation to save the dollars, keep it in your pocket or invest it, and conservation to improve the overall quality of the air we breathe.

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

Madam President: Before I move on to the next person I just would point out, Members, that teatime has been extended to 40 minutes and it was unfortunate that when I came in at five past there was not a quorum and I had to wait for more than a minute before we got a quorum. So I would ask you in future to remember to be in the Chamber before the time expires.

Sen. Sadiq Baksh: [*Desk thumping*] Madam President, I would say at the onset we, the Members of the United National Congress, do not support the increased prices for gasoline, kerosene and diesel. Indeed, we cannot support the increase for the prices of those products and, as such, it is not just opposing for opposing sake, it is because too many people would be left behind—some poor, some weak, some young and some old. They will all be left behind.

Madam President, I make this particular plea mainly because many citizens who are concerned, especially maxi-taxi drivers and some conventional taxi

drivers, in spite of the increase of the prices on petroleum products, did not raise their fares. They kept them like that, they kept faith that something good will come out of it and they bought into the fact that it will contribute to environmental improvement. Although they saw that, as the debate proceeded then they became privy to the points made by speakers on both sides in fact pointing out that the increase in prices will go to social programmes, mainly URP, CEPEP and drainage projects, Madam President, to the tune of over \$250 million.

I say that and, in saying that, I make a plea for the maxi-taxi drivers and the conventional taxi drivers who did not raise their fares and I say also that the Government should look at the opportunity to, in fact, reduce the taxes on the replacement of vehicles because, on a daily basis, maxi-taxi owners are called upon to spend between \$12 and \$15 because of the increase in petroleum prices. Madam President, the maxi-taxis transport over 70 per cent of the working population in Trinidad and Tobago. They are called upon—in addition to paying all the taxes on their vehicles and spare parts, they pay VAT on their fuels and they also pay to use the Priority Bus Route, especially the Route Two maxi-taxi drivers, and they pay \$1,200 annually. We need, Madam President, to attempt to ease the plight of those people who took consideration of the increase in prices and try our best to ensure—and I want to recommend to the Minister of Finance that in fact he look at reduction of the duties paid on both new and foreign used maxi-taxis coming into Trinidad and Tobago.

Madam President, in addition to that, I would point out that whereas we—we might not know it in this Senate, but kerosene continues to be the fuel of the poor. Many of us do not realize—because we use electricity and LPG and other things, we do not recognize that the fuel of the poor continues to be kerosene and to link kerosene and penalize the poor and leave them behind because of some people who mix kerosene and diesel because of the price differential, is to penalize the poor for the ills of the rich, of the few. That cannot be equitable. It will leave many people behind.

In addition to that, instead of increasing the prices of leaded gasoline—and I understand the reasons the Government put forward for that in terms of the environment and I will come back to that later on—we should, in fact, encourage motorists to convert to CNG and the Government should actively consider—and I would tell you that a UNC government in the future will consider—the subsidies for conversion kits for CNG especially to vehicles for public transportation. [*Desk thumping*] Madam President, CNG is a clean fuel, it is a fuel of the future, it is environmentally friendly and it is readily available in Trinidad and Tobago. It is

one of the ways to ensure that we move away from kerosene and get into—we move away from leaded gasoline, move into CNG and, in fact, take the country forward one step further in realizing First World status. Those are some of the fundamental pillars on which we could utilize to build a bright and prosperous nation.

Madam President, in addition to that, we hear of a gas line up the Caribbean and I have no problem with that. It is one of the ways of monetizing our gas. However, why not pump low-pressure natural gas to every citizen in Trinidad and Tobago? Why not do a feasibility study on piping that natural gas to citizens? That is one of the ways not to leave people behind. That is one of the ways to make sure that the weak become strong and the poor become prosperous. We might not—in fact, talking to Independent Sen. Basharat Ali, he pointed out that we might not even need to metre that gas because of the cost. If we allow citizens of Trinidad and Tobago to benefit from our natural resources, we will, in fact, be able to pipe natural gas to our citizens at a cost of less—if we give them the same price that we give Caribbean Isppatt, they will need to pay less than \$20 per annum for the use of natural gas if our citizens are allowed the benefit of using that.

Madam President, it will be like lending money to Barbados to build an airport, they having a better airport than us in Trinidad and Tobago for decades. It will be similar to piping gas up north and allowing Guadeloupe and Martinique to pipe natural gas to every house in Guadeloupe and Martinique and leave Trinidad and Tobago behind, all of us—not only the poor, not only the rich but all of us. Madam President, we need to get out of the box, we need to think in a futuristic way, we need to get into our psyche that we are capable of First World, that we are capable of becoming a First World nation in the shortest possible time [*Desk thumping*] by moving our country forward, thinking about the natural resources that we have, monetizing them, making sure that we improve our human resources but, at the same time, bringing benefits to ordinary citizens.

Madam President, what I cannot understand is that, in the budget presentation, the Minister of Finance, and also the junior Minister of Finance, said that the increase in gasoline and petroleum prices generally was in fact to ensure that they protect and preserve the environment and that they care for the population of Trinidad and Tobago so as to have a better environment. Whereas they say that on one hand, I want to expose the hypocrisy on the other in that all the money derived from this programme will go into make-work schemes that are generally unproductive. If we were using that fund to develop training programmes that will

leave our unskilled workers more skilled, semi-skilled or establish them on a platform so that they would be able to take responsibility for themselves, their families and, by extension, their communities, we will all benefit.

Madam President, we cannot speak of a strong nation if we allow one citizen to remain weak. We have to work for all, we have to make sure that we do not set double standards, we do not, in fact, set in train a type of hypocrisy that will make us worse off. Madam President, you cannot—from an administration that allowed Demerara to flourish—we know all about Demerara. We know of lead that contaminated the soil and we have citizens who continue to suffer because of that. The lead in the gasoline cannot be as detrimental as it was in Demerara. Madam President, if I was part of that administration, I would not be proud, having presided over Demerara, to come and cry crocodile tears on leaded gasoline and we see that continuing from time to time.

We saw a situation that developed last week, one that I cannot help to comment on and because—again I know that both Members of this House did not intend to be opposite to each other and then see it being contradicted by another one, although somebody saw me coming to Parliament today and told me that a friend of mine—and asked me if I would ask one to resign. I will do no such thing, Madam President, because I think they did that in all honesty in terms of the matter that was corrected and I am glad to see, in fact, the Minister spoke last and gave the commitment. I compliment the Minister for taking this very important step in correcting what was stated then as an error in the documents that we got here on COSTAATT.

Madam President, it does not stop there because the words that were printed were converted into deeds over the years and continue to be perpetuated in URP, in CEPEP, on the port, at UTC, in the Ministry of National Security and Rehabilitation, in the army, the police, the prisons, NEC, YTEPP, OJT, Airports Authority of T&T, NP and Petrotrin. However, Madam President, they were able to take those words, correct them and say, “Those were not really what we meant”, but in fact convert them into deeds in all the areas I just mentioned. Madam President, that is hypocrisy and we cannot move forward if we continue not to level with each other. If we made a mistake, if we made an error, we cannot come here, try to hoodwink us and, by extension, hoodwink the population and expect people to have confidence in us.

Madam President, we cannot support this price increase at this time based on all that I have said. Thank you very much. [*Desk thumping*]

Sen. Dr. Jennifer Kernahan: [*Desk thumping*] Madam President, thank you for allowing me to make a small contribution on the Motion before us.

Madam President, I am happy to see that Minister Christine Sahadeo admit to the national community that no increase in petroleum prices for the past few years was admitted under the UNC government and I believe that my colleague, Sen. Carolyn Seepersad-Bachan, elaborated on this. She was very clear why, under the UNC government, with our vision for 2010, in which we articulated a technologically driven society in which no one would be left behind, a society in which we were very clear that we had to be poised to compete globally in a very hostile environment, and we wanted the competitive edge for our people, apart from which increase in petroleum prices, as many speakers have said here this afternoon, means increased hardship for the very poor, for the vulnerable, the most vulnerable in our society.

Madam President, it is no wonder that as soon as the increase in petroleum prices were announced, that very poor, very vulnerable sector of our society was the first to react. In fact, the same morning, the people of Laventille reacted and they blocked the roads in Laventille over a number of days, the police were sent to control the situation up there because the people—[*Interruption*] I mean, this is not something I am making up, these are facts. [*Interruption*] I do not know why the PNM is unable to face the facts.

The people of Laventille felt an immediate impact because of the rise in petroleum prices that they are least able to sustain. The transport costs went up exorbitantly, 100 per cent. There are certain parts of Laventille now, Madam President, Soogrin Trace, for example, where people pay \$10 to go to those areas. Fares went up from \$2 to \$4 and so on. Because of the lay of the terrain and so on, the sort of wear and tear on the cars and the type of terrain in terms of the use of gas and so on, the Laventille taxi drivers carried up their fares and the people immediately reacted and protested.

Now, Madam President, we spoke a lot in this House about community development and so on and I suspect that it will take a lot more than the superficialities espoused by the hon. Minister of Community Development and Gender Affairs to make, for example, a depressed community like Laventille a more developed community. What we are doing here this afternoon is a crying shame and I am sure that the people are listening and they are looking at what is happening here, that in a budget of \$22 billion, the most vulnerable, the most depressed and the poorest people in our society are being made to carry the burden of this budget.

What is striking and noteworthy is that the budget statement on page 76 states that, and I quote:

“The additional revenues estimated...”

By these measures of:

“\$249 million, which will be derived from this increase, will be used to fund a number of programmes geared to poverty alleviation and job creation as follows:”

It goes on to talk about the reforestation programme to the tune of \$50 million, the expanded Unemployment Relief Programme, drainage and other community projects in La Horquetta, an increase in community environmental protection, the CEPEP programme.

Madam President, in the context of the fact that Laventille reacted immediately because they felt the brunt of this, and in the context of the fact that the budget clearly says that the levy on Laventille is to fund these particular projects, it is very interesting, a document I have in my possession here, which I am sure the hon. Minister of Community Development and Gender Affairs will have too, it is called “*Laventille Responds*” and it is *Proposed Solutions of the Laventille Working Group*. It is dated April 26, 2003. This document is the outcome of a workshop instituted by the MP for Laventille with respect to the way forward, what Laventille wants, what Laventille sees as the economic and social programmes they need to carry their community forward. The relevance is, Madam President, that these are the people who—[*Interruption*] These are the people who have—[*Interruption*] this document is in direct contradiction to what the budget says.

Now this budget—[*Interruption*] the conclusion of this budget, Madam President—[*Interruption*] the price increase, this—[*Interruption*]

Madam President: Just one minute please, Senator. I was about to get up myself to enquire about the relevance and it is not the first speaker who has been irrelevant here this afternoon. Could we stick please to this excise Motion, tie this up with your contribution? We are not talking about the budget today. Thanks.

Sen. Dr. J. Kernahan: Thank you, Madam President. The point I am making is that if the Government, as it has said in the documents presented to us, is listening to the people of this country, if this Government cares about the people of this country, if this Government is going to impose these levies and the increase in petroleum products in order to institute certain programmes in this

country, then it has to listen to what the people of the country are saying about these very programmes that they want to impose on this country. This is the relevance of this document.

In this document, Madam President, the people of Laventille, coming from a wide cross-section of a number of groups in Laventille—all the names are here and so on. They sat in different committees over a period of time and they deliberated on what they want to see in their communities and they have totally rejected the Unemployment Relief Programme as the way forward for development in their communities. That is why they are so upset that they have to bear the brunt of these levies and these increased prices to expand the Unemployment Relief Programme.

Madam President, I would quote from this document in which the people of Laventille said, and I quote:

“The Laventille community must pursue bold and brave policies that will enhance...”

Madam President: The name of the document please?

Sen. Dr. J. Kernahan: I said the name of the document, Madam President. This is the “*Laventille Responds*” *Proposed Solutions of the Laventille Working Group* dated April 26, 2003; the Morris Marshall foundation. [*Interruption*]

Sen. Dr. Saith: Two thousand and two?

Sen. Dr. J. Kernahan: No, 2003. [*Interruption*] This is up-to-date information, working very closely with the Laventille people. [*Interruption*] Here is what the Laventille people themselves, who were the first to protest against these levies, are saying about the Unemployment Relief Programme which these taxes purport to increase to \$225 million.

“The Laventille community must pursue bold and brave policies that will enhance the creative spirit of its people, abandoning dependence on the Unemployment Relief Programme (URP). Experience has shown that this Programme has done more harm than good, destroying the work ethic in the communities.”

Madam President, this is a very clear indictment of this Government. It is a very clear statement by a number of organizations in Laventille because the working group came together from different organizations all over Laventille and East Dry River, and they are very clear that they do not want the Unemployment Relief Programme any more in their communities. They want sustainable programmes,

they want sustainable jobs, and they are not prepared to have the Government tax them to impose programmes on them that they do not want.

Madam President, what is the status, when we talk about this Government imposing hardships by the increase in these petroleum products and so on, on the poorest people? Let me give you an idea of what is actually happening, what is the status of these people, because people see these people come out in the street, they block the roads, the police are sent and nobody goes up there to find out why they are reacting that way. The “Present Socio-Economic Dilemma”—this is a heading of the document—says here that over 70 per cent—the Central Statistical Office (CSO) figures, have reported, the 1990 figures, and they have said that since then little has changed in Laventille. In fact, there has been a lot of regression so there is no reason to believe that these figures have improved since then. The CSO figures had shown that:

“...30 percent of the population of Laventille, 26 percent of Gonzales and 26 percent of Sea Lots are earning a regular income. During the past thirteen (13) years, there has been very little improvement in our economic life to suggest that...”

These figures are not any different. So in fact, what is happening—[*Interruption*]

Sen. Joseph: Madam President, on a point of order. Madam President, Standing Order 35(1). Madam President, she is getting into the details of a report on Laventille when she should be skirting—I mean, if she is saying that the tax measures are having an impact—but she is now going into details of a report on the Laventille community.

Madam President: Senator, please try to—that is what I said to you just now, try to tie what you are saying with what is under debate this afternoon and not go into details on a document or an issue that, really, although it might be relevant you do not need to go into such detail. Go back to your tax structure and let us hear what you are trying to say.

Sen. Dr. J. Kernahan: Thank you, Madam President. This section I was reading, [*Interruption*] I am saying it was merely to show what is the status of the people of Laventille with respect to their inability to bear these taxes [*Interruption*] that the Government is imposing on them. [*Interruption*] I must give the basis why I am saying that they are unable to bear these levies and unable to bear the increase in petroleum prices and why they are demonstrating and why they are very upset with the Government for imposing these taxes, because they are the ones to feel the brunt of them.

The poorest people are the ones who feel the brunt of these taxes and I say that the CSO statistics show that 70 per cent of the people of these areas are either unemployed, underemployed or are unable to find employment, Madam President, and this is where you have to—unless you are able to take these figures, unless the Government is able to come to grips with these realities, then they are moving in the dark when they are talking about Vision 2020 and when they are talking about governing for the weak and the poor and so on. Madam President, these are just—because they are refusing to accept the realities of the people they are proposing to lead and the people in whose lives they are proposing to make improvements.

Sen. Dumas: On a point of information.

Madam President: You are rising on a point of?

Sen. Dumas: I am seeking some information here. Could I?

Madam President: Yes.

Sen. Dumas: I ask the Senator if she would care to comment on the fact that immediately prior to the last two years, these same people were in the hands of and under the management of an administration of which she was a part?

Sen. Dr. J. Kernahan: “Wha’ is de question?”

Sen. Mark: “Wha’ is de point of information? [Interruption] Wha’ is de point of information?” [Interruption]

Madam President: Senator—[Interruption]

Sen. R. Montano: The short answer to that is yes.

Madam President: Senator, I want you to get back—[Interruption] Hon. Members! Senator, I would like you to get back to this document, please.

Sen. Dr. J. Kernahan: Thank you for your protection, Madam President. Madam President, the people of this country look to the UNC party to articulate their views in this Parliament and I would really like your protection in order to do the job that I am put here to do, to articulate the views of the people of this country. [Desk thumping]

Sen. Mark: Why do you not want to listen? [Interruption]

Sen. Dr. J. Kernahan: Madam President, another aspect that we want to bring to this Government that purports to rule and govern on behalf of the weak, on behalf of the vulnerable and on behalf of the poor, and yet imposes these taxes,

is that the people of Laventille are saying very clearly to them—another aspect of what they are saying very clearly, apart from rejecting outright the unemployment relief fund which this increase in taxes is meant to put more money into, the people of Laventille in this document have also said that they are not satisfied with the CEPEP programme as presently constituted, that a number of community groups in Laventille must be given preference because they are the ones in direct contact with the people, they are the ones who work, there are established community groups, they have been there for a number of years, they know what the needs of their communities are and therefore the CEPEP programme, which is run by technocrats and run by the middle classes from outside of the areas, are not in line with what they need to do for the people of Laventille and therefore the real community groups and community organizations should be given—
[*Interruption*]

Sen. Dr. Saith: Point of order. Madam President, I think if we look at the Order before us, while you want to take a little leeway and have another budget debate, but really, it is becoming a repetition and also it is not relevant. I am sure that the speaker is gifted enough to make her point without rambling about—

Madam President: So, hon. Member, it is more than—this is the third time now that we are asking you—I am being very, very generous because I am trying to give you an opportunity to say something of what you have to say but you are not being relevant as far as this document is concerned and you are repeating things that have been said this afternoon already. So please, could you get back to the Excise Duty (General Provisions) Order?

Sen. Dr. J. Kernahan: Madam President, I did not introduce the question of CEPEP into this debate. The levies that the Government is imposing on gasoline and petroleum products they have said very clearly it will be used to fund the CEPEP programme. [*Interruption*] So I say, Madam President, if you are listening to the people and the people are saying that they reject that concept, then it is not fair for us to sit here as the UNC, as representatives of the people, and agree to this Motion because the people have rejected this concept. [*Interruption*] No, I dealt with the URP and now I am dealing with the CEPEP programme. Allow me to deal with these issues one by one because they have been itemized by the Government one by one exactly what these increased funds are going to be used for, so this is why I am dealing with it in this manner, Madam President.

Madam President I would like the national community to be aware that, as far as we are concerned, the Government is imposing taxes on the poorest people in order to fund the people who are the most dangerous elements in these very

societies and communities with which we are dealing. The people of Laventille are very clear that the levies and the excess moneys and the funds that are going to the URP, as I said, and the CEPEP programmes are against their interest and they are very intolerant of what the Government is doing and we are here to articulate this.

Madam President, I agree totally with my colleague, Sen. Carolyn Seepersad-Bachan, and my colleague Sen. Baksh, when they said that we are totally unable to support this Motion because we feel that it is not in line with even the Government's programme and vision for 2020. This will cause extreme hardship even to all sectors of the economy. The farmers—the agricultural sector is going to feel very, very strongly the effects of this measure—the increased transport costs. The increase in the cost of food in this country is going to go up and, as I said, Madam President, the poorest people in this country are the ones who are going to feel the increased cost of agricultural products and the movement of agriculture as well.

Madam President, I wish on this note to end my contribution. I believe that in future the UNC representatives on this side of the Senate would like a fair hearing, an opportunity to make our contribution without all these interruptions. I feel that other people are given the opportunity to make their contributions without the interruptions because my contribution was relevant to what I was saying and I was not given a fair chance to introduce the relevance and to make the points that needed to be made. Thank you, Madam President. [*Desk thumping*]

Madam President: Before I call the Minister in the Ministry of Finance to wind up, I want to make it very clear that I give everybody a fair opportunity and I gave you three opportunities, Senator, to come back and to be relevant and, at the same time, giving you an opportunity to make the point that you were trying to make. So I do not think that your objection is a very fair one.

Sen. Prof. Ramesh Deosaran: [*Desk thumping*] Let me assure you, Madam President, and Sen. The Hon. Yuille-Williams, I will be very, very brief but I think there are two points that I wish to make—and one of the points is on behalf of my colleague, Sen. Mary King. So you can see the need for economy; rather than both of us speaking, she has asked me to represent a noble cause. [*Desk thumping*]

Madam President, Sen. Mark made some remarks about the oppressive nature of taxation. Sen. The Hon. Christine Kangaloo made what will be—[*Interruption*]

Sen. Dr. McKenzie: Sahadeo.

Hon. Senators: Sahadeo.

Sen. Prof. R. Deosaran: Christine Sahadeo.

Sen. Mark: She sits where Christine Kangaloo sits.

Sen. Prof. R. Deosaran: Yes, and they are equally—anyhow. [*Laughter*]

Sen. The Hon. Christine Sahadeo made a point which should be receiving urgent attention from the Government side and I will elaborate on that for a short while. Of course, my colleague, Sen. Ali, in his own inimitable style, spoke about the technicalities and so did Sen. Carolyn Seepersad-Bachan. So I have learned something. I have also learned something about parliamentary protocol along the way so I hope to abide by that.

When Sen. Christine Sahadeo made the point about sensitizing the community on the issues, especially those that will arise from the duty, I think that is a vital point because it seems to me that people, like my other colleague Sen. Dana Seetahal said, really do not know what is going on, you know, and it is not their fault because there are complicated issues arising from the very nomenclature used to describe the tax. They do not understand how it will hit them and that is why they were caught by surprise and a lot of citizens remained in awe and shock at the repercussions, most of which seem to be a kind of artificial insemination in that the artificial increase in some prices is not natural. They should not flow naturally from the tax measure, not in that way.

I implore the Government, the Minister in the Ministry of Finance and other appropriate officials to let the community know the percentage increase. If it is, for example, a 10 per cent increase in what exists as of now why, as Sen. Dr. Jennifer Kernahan said, perhaps euphemistically, did the maxi-taxi drivers in Laventille increase their fares by 100 per cent? Why is that so? Whose fault is it? Where is the Minister in charge of consumer affairs? I hope, of course, in saying so, that she would unleash the same vigilance that she did with the chicken issue over these matters and she will not play chicken on this particular issue. [*Laughter*] So we are being vigilant because whilst my colleague, Sen. Baksh, made a rather stirring appeal, I think a bit overdone, I must say, on behalf of the maxi-taxi drivers who exploit their passengers in so many different ways; if you hear the passengers' side of this, you would want to know why are these maxi-taxi drivers so advantageous. This is especially on mornings and evenings when their services are in such great demand, by their short stops and their manipulation of the fares and the distances, apart from the driving habits on the road.

I remember, Madam President, just after the budget speech, and the relevant taxation was mentioned, the president of one of these maxi-taxi unions got up and gave us a litany of woes, but there was one thing he did not say and one thing Sen. Baksh did not mention. He spoke about the expenditure side of maintaining the maxi-taxis, but we still need to know how much is the income and how is that income arrived at and so on. This is not to ignore the problems that the maxi-taxis have. That is another issue. However, I want the Government side to follow Sen. Sahadeo's advice and let the public know how much the increase really means and is the reaction overly severe on the part of taxi drivers, maxi-taxi drivers and owners and especially the grocery shops!

What has this got to do directly, or at least in the short term—what does this tax measure have to do, in the short-term at least, with the price of salt fish? I did not expect to speak on this occasion, but since the opening has been made by previous speakers, including Sen. Dr. Kernahan, I think we ought to look at it from the point of view, as Sen. Mark would say, of the suffering masses where poor people are exploiting other poor people and the old arguments about Marxism and capitalism and conflict do not hold any more. It is poor people beating up other poor people because of the way things have been happening.

6.05 p.m.

The Government ought to show some leadership because there is a lot of misunderstanding and Sen. Dr. Kernahan does have a point: the public reaction is really one of disappointment but they are suffering at the hands of other working class people which makes it a more horrible state of affairs.

Madam President, many countries have suffered terror, civil strife and upheavals because of small increases in their basic commodities. I remember about 12 years ago, the price of meat went up, I think it was in Poland, if my memory serves me right, and there was civil strife on the streets and people were killed. We certainly do not want to reach that stage and some proper preemptive action, fairly represented, however—I am not saying they should hide the facts, but it should be presented to the public.

There is a lot of wickedness, I would call it, terrorizing poor people by unfair price mark ups in the grocery stores and by taxi drivers and maxi-taxi drivers. If there is a protest in Laventille, I submit with respect that the people were blocking the road and expressing their anger not necessarily or exclusively against the Government but against those exploitive taxi drivers and maxi-taxi drivers. We do

Excise Duty (Petroleum Products) Order
[SEN. PROF. DEOSARAN]

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not want to see communities pitted against other communities, especially poor communities. There has to be some proper intervention to maintain civility and I think some clarification should be made. So, we send out an SOS to the Minister of Consumer Affairs to show a similar vigilance alongside what other sensitization programme the Government may have.

It occurs to me that, perhaps, Members of Parliament, all of us, Senators, Opposition Members, Government Members, as part of the democratic process and part of the system of representative government, each one of us should spend at least a month in a poor community and find out first-hand what it means to be poor. Of course, a lot of us know what it is to be poor. That is why I am making the point. A lot of us have been from poor homes. When they speak about kerosene, my job as a 7 year-old boy was to clean the lampshade from the soot that it had from the kerosene and to cut the wick to role it up again for the next day's function. One fateful evening we had to buy a bottle of kerosene and it was a minimum price set by the shopkeeper; we could not buy a less amount and on that evening he said the price of kerosene went up and we had to do without light. That is the kind of experience we should know about and then we would have a greater compassion and understanding for matters of this kind.

There is, of course, the gas station issue which was raised by Sen. Carolyn Seepersad-Bachan. Our gas stations are in a mess. We cannot get a proper air pressure hose for our vehicles, there is congestion in the gas stations, cars rolling upon one another, the place is filthy with all sorts of grease in the drains. All I am saying is if we want to reach as we all are determined to be, towards Vision 2020 and developed status, these are the little things that we ought to take care of.

Let me say this has not been happening only today or in the last 22 months, of course. Let us be fair. These syndromes have been occurring for many, many years and it is time to break our many bad habits, some of which I just alluded to.

Madam President, I promised you a few minutes. Thank you very much for the opportunity, but I merely wanted to put this idea across to the Government, sensitize the communities and let the public know what the real facts are and let the Minister of Consumer Affairs intervene and warn the public about what is exorbitant pricing, advantage on the poor people so that at least the community will be able to respond accordingly.

Thank you very much. [*Desk thumping*]

The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill): Thank you, Madam President. As usual, let me thank all those who have spoken on this matter. There were some excellent technical contributions and there were some excellent philosophical positions, in some instances different to the ones that we particularly proposed.

I basically would just try to deal with a couple issues that came up that I consider necessary for us to respond to. Madam President, we went through in this place very recently a debate on the budget in which a number of the issues that were raised were, in fact, raised there. I think that in all instances we on this side responded to many of these particular issues.

Let me just clarify a couple other issues, starting with the question of the public debt. Madam President, the Review of the Economy, which is a document that is produced every single year, at Appendix 23 this year, sets out the public debt as identified by the Government as it relates to other documents which are submitted to the Parliament. The Auditor General, in closing the accounts, produces a public debt statement and it comes before us and it is certified. The Government this year continued with the same template with the same process except we did one other thing. All the central government contingent liabilities, that is debt backed by letters of comfort, were in fact included in these submissions, and in the debate, we explained the \$2 billion difference which was in fact for Caroni's restructuring.

Now, many Senators spoke about the International Monetary Fund (IMF) Report. The Trinidad and Tobago Public Sector Debt Report at page 26 says that their source of compilation of this information is the Ministry of Finance, the Central Bank of Trinidad and Tobago and funds staff estimates. On the basis of this document, it says that public sector debt, as a percentage of the GDP are as follows: In 1998, 69.1 per cent. At that point in time, the public sector debt was \$26 billion. In 1999, according to this report, the public sector debt was 70.1 per cent and it is quoted as \$30.046 billion, and it goes on in 2000, \$34.646 billion. Now, none of this has been used or is consistent with how we report. Therefore, I find it a bit difficult for us to be using statistics that we have always used in a particular way to measure what we are doing against information that clearly is not based on fact.

The information in the report that is being quoted says "Preliminary for 2002, projected for 2003." But, there is a point I wish to make. If one looks at the debt service cost, that is to say, the cost that we pay outside of refinancing, one will note that in 1998, it was \$4,000,000,064; in 1999 it was \$4.6 billion; in 2000 it was \$4.8 billion; in 2001, \$4.7 billion; in 2002, \$3.1 billion.

The fact of the matter is that we have said that we are refinancing high cost debt and it is going to create some savings, and this is what is happening. Therefore, the expenditure profile on the public debt, that is to say, the sum of money that is taken out of the budget as a consequence of paid debt out of the revenue that we collect is a function of accumulated debt, and this Government's position is that unless something happens that we must borrow for, as in the case of WASA that requires borrowings to service the "desal" plant, and so on, then our position is that we are going to try to fund everything through the budget. That is what this year's statement represents.

I really wanted to say that, because I think that one cannot compare the information that is in the public domain, based on Government's data, and the information that is now before us that basically says to you that a lot of the information that is used is based on projections and, really and truly, if one wants to use the information, then one would wait until the report is based on the actuals instead of the projected data. So I just wanted to put that out in terms of the public debt issues. It is contained in the Review of the Economy, Appendix 26 in terms of the staff report. So, I just wanted to deal with that.

Madam President, policy on tertiary education. In the *Social and Economic Policy Framework* of last year, October 2002, it clearly states at page 150:

"Human Capital Development

Policy Strategies and Measures: Strengthening recruitment and retention of at-risk groups.

Performance indicators: Establishment of targeted recruitment programmes for male citizens 17—24."

That is the policy. It has not changed. We agreed on that. It has not changed and the additional information that got there, we are trying to find out where that came from, but certainly it had no Government approval.

Sen. Mark: May I? Are we therefore, hon. Minister, through you, Madam President, to ignore any statement coming out from other places in the newspaper, making remarks to the extent of this particular policy position is in fact a policy and no apology is to be made? Are we to ignore these things, because the position that you have articulated is the position of the Government of Trinidad and Tobago? I just wanted to get that clear.

Sen. The Hon. C. Enill: That is the position of the Government of Trinidad and Tobago. I cannot speak for whether you should ignore or not ignore the

statement. I really cannot answer that. The stated policy is what I have just articulated and on any other situation, I have no opinion. [*Desk thumping*]

Madam President, Sen. Seetahal asked the question: “Why are you raising the price of gas?” Well, it is a good question. Petroleum prices subsidy is something that we have talked about. In the contribution made by my colleague, Sen. Sahadeo, she identified a number of issues which went into this consideration. The first issue, of course, was the environmental issue. The second issue was the subsidy issue. The third issue is the whole question of the rationalization of this whole sector. What we sought to do in this particular situation is to share the cost between all the players in the sector.

Madam President: Hon. Minister, would you give way?

PROCEDURAL MOTION

The Minister of Public Administration and Information (Sen. The Hon. Dr. Lenny Saith): Madam President, I beg to move that the Senate continue sitting until the conclusion of this debate.

Question put and agreed to.

EXCISE DUTY (PETROLEUM PRODUCTS) ORDER

Sen. The Hon. C. Enill: Madam President, in the question of producing gas and providing energy resources to this country, there are four players. There is the retailer, the producer, the consumer and the Government. For a very long time now, the subsidy that the Government has been incurring in order to keep the price at where it is at today, Sen. Sahadeo in her contribution made the point that it is in the order of about \$500 million at this point in time.

What the Government has sought to do in this configuration is to make sure that we can reduce that and at the same time ensure that all the players participate in the reduction of that subsidy, and that is the reason for it. I take the point, however, that many of the additional effects of increased prices basically do not have a rational basis. It does not make sense to me, for example, that the grocery price of goods has gone up at this point in time when basically they are selling from current stock that they have.

The one point that I would like to make is that we will, in fact, deal with this whole question of vigilance at the level of consumers and at the level of prices in this country, because I think that for some strange reason business people in this country have a view that, “Let us look around and see what is the next best strategy or the next best thing that we should do to increase the prices,” and I feel

there has to be a lot more education and a lot more sensitization in that regard, and that is something we will certainly do. Basically, that was the reason for the price increase.

Sen. Robin Montano talked about unemployment rate of 20 per cent. He talked about new capital activity. I want to make the point again that insofar as the budget is concerned this year, we have allocated \$1.7 billion on the capital side. That is the highest that we have done for a very long time now. In addition to that, there are other capital projects based on the housing programme, the building programme, and so on, so that the total cost of capital injection into the economy is going to be in the vicinity of \$2.5/\$2.6 billion, and that is going to stimulate a lot of economic activity. So it is not totally correct to say that there is no capital activity in there.

While that is going on, and everybody has said it in different ways, we must recognize that the Government has also directly provided some \$2 billion in programmes that are geared towards poverty reduction, and we have to recognize that on the one hand, while we talk about the issues of turning around the economy, transforming it and doing all those kinds of things, there is a significant number of our people who simply need to eat. And while I understand the issues about sustainability, and so on, the intention always will be to deal with this level first and then transit them across to the productive capacity of our economy. It is the same policy, Madam President, which says until all have crossed, none have crossed and none must be left behind.

There are just different applications of that philosophy and we have selected this mechanism to do it because we believe that this mechanism at this point in time is the most appropriate vehicle for the achievement of the objective. If we are faulted for being wrong, then we will fix it immediately, as soon as there is information that tells us otherwise.

Sen. Baksh made some points which we will consider. We are also looking at the whole question of mass transit and a way in which we can reduce that but, Madam President, all those issues are simply additional issues which I thought I would spend a moment or two clarifying. With that, and recognizing what is before us, it is my pleasure at this time to move that the Excise (General Provisions) Act, Chap. 78:50 Order be confirmed.

Question put and agreed to.

Resolved:

That the Excise Duty (Petroleum Products) Order, 2003 be confirmed.

Adjournment

Tuesday, October 28, 2003

ADJOURNMENT

The Minister of Public Administration and Information (Sen. The Hon. Dr. Lenny Saith): Madam President, I beg to move that the Senate be now adjourned to Tuesday, November 04, 2003 at 1.30 p.m. at which time we will take the Private Member's Motion.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 6.26 p.m.