

Leave of Absence

Tuesday, January 20, 2009

SENATE

Tuesday, January 20, 2009

PRAYERS

[MR. PRESIDENT *in the Chair*]

LEAVE OF ABSENCE

The Senate met at 1.30 p.m.

Mr. President: Hon. Senators, I have granted leave of absence to Sen. Annette Nicholson-Alfred, who is out of the country and to Sen. Helen Drayton from today's sitting.

SENATORS' APPOINTMENT

Mr. President: Hon. Senators, I have received the following correspondence from His Excellency the President, Prof. George Maxwell Richards, T.C., C.M.T., Ph.D.:

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Professor GEORGE MAXWELL RICHARDS, T.C., C.M.T., Ph.D., President and Commander-in-Chief of the Republic of Trinidad and Tobago.

/s/ G. Richards
President.

TO: DR. ROLPH BALGOBIN

WHEREAS Senator Annette Nicholson-Alfred is incapable of performing her duties as a Senator by reason of her absence from Trinidad and Tobago:

NOW, THEREFORE, I, GEORGE MAXWELL RICHARDS, President as aforesaid, in exercise of the power vested in me by section 40(2)(c) and section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, ROLPH BALGOBIN, to be temporarily a member of the Senate, with effect from the 19th January, 2009 and continuing during the absence from Trinidad and Tobago of the said Senator Annette Nicholson-Alfred.

Given under my Hand and the Seal of the President of the Republic of Trinidad and Tobago at the Office of the President, St. Ann's, this 14th day of January, 2009.”

Senators' Appointment
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“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Professor GEORGE MAXWELL RICHARDS, T.C., C.M.T., Ph.D., President and Commander-in-Chief of the Republic of Trinidad and Tobago.

/s/ G. Richards
President.

TO: MRS. PARVATEE ANMOLSINGH-MAHABIR

WHEREAS Senator Helen Drayton is incapable of performing her duties as a Senator by reason of illness:

NOW, THEREFORE, I, GEORGE MAXWELL RICHARDS, President as aforesaid, in exercise of the power vested in me by section 40(2)(c) and section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, PARVATEE ANMOLSINGH-MAHABIR, to be temporarily a member of the Senate, with immediate effect and continuing during the period of illness of the said Senator Helen Drayton.

Given under my Hand and the Seal of the President of the Republic of Trinidad and Tobago at the Office of the President, St. Ann's, this 20th day of January, 2009.”

OATH OF ALLEGIANCE

Senators Dr. Rolph Balgobin and Parvatee Anmolsingh-Mahabir took and subscribed the Oath of Allegiance as required by law.

**SESSIONAL SELECT COMMITTEES
(Appointment of)**

Mr. President: Hon. Senators, in accordance with Standing Order 64(1) of the Senate I wish to announce the appointment of the following Sessional Select Committees to the Second Session 2009 of the Ninth Parliament.

Standing Orders Committee

Mr. Danny Montano	Chairman
Mrs. Bridgid Annisette-George	Member
Miss Laurel Lezama	Member

Sessional Select Committees

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Mr. Wade Mark Member

Mrs. Helen Drayton Member

House Committee

Mr. Conrad Enill Chairman

Dr. Emily Gaynor Dick-Forde Member

Mr. Wesley George Member

Mr. Basharat Ali Member

Dr. Adesh Nanan Member

Committee of Privileges

Mr. Danny Montano Chairman

Mr. Jerry Narace Member

Mr. Linus Rogers Member

Miss Dana Seetahal SC Member

Dr. Carson Charles Member

Statutory Instruments Committee

Mr. Danny Montano Chairman

Mr. Arnold Piggott Member

Miss June Melville Member

Dr. Jennifer Jones-Kernahan Member

Miss Dana Seetahal SC Member

CONDOLENCES

Mr. President: Hon. Senators, two former Members of the Senate passed away in recent times and we will take the condolences at a later stage in the proceedings.

FINANCE BILL

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

Motion made, That the next stage of the Bill be taken later in the proceedings.
[*Hon. M. Browne*]

Question put and agreed to.

PAPERS LAID

1. Annual audited financial statements of the Caribbean New Media Group Limited for the year ended December 31, 2007. [*The Minister in the Ministry of Finance (Sen. The Hon. Mariano Browne)*]
2. Audited statements of accounts of the Students' Revolving Loan Fund for the years 1993 to 2004. [*The Minister of Energy and Energy Industries (Sen. The Hon. Conrad Enill)*]

FINANCE BILL

The Minister in the Ministry of Finance (Sen. The Hon. Mariano Browne): Mr. President, I beg to move,

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

Mr. President, the Bill which is before you entitled the Finance Bill, 2009 was passed with amendments in the other place on Friday, January 16, 2009. This Finance Bill gives effect to fiscal measures announced in the 2009 budget presentation and requires legislative action. The fiscal measures contained in the Finance Bill relate to the goals of the vision for the year 2020, in particular the goals of nurturing a caring society, enabling competitive business, developing innovative people and promoting effective government.

Government recognizes that in times of economic adjustments persons who live on fixed incomes or persons with disabilities are the ones most expected to be exposed to economic hardship. This administration has therefore decided to amend the several pension Acts relating to the senior citizens and other such groups in order to bring a greater measure of relief.

Also, in furtherance of fostering a caring society, Government is facing and focusing on home ownership. In this regard the amendment to the Stamp Duty Act will reduce significantly the cost associated with the acquisition of homes through direct purchases or through purchases of land for residential purposes.

To enable competitive business, Government recognizes the need to encourage savings. Increased savings will not only assist persons in their

retirement years but will also serve as a basis for greater investment. The amendments to the Income Tax Act, Chap. 75:01 would encourage savings by providing greater allowances to persons investing in pension plan annuities.

The Finance Bill, 2009 will now be examined clause by clause. Clause 1 of the Bill recites the short title and is self-explanatory. Clauses 2, 3, 4, 5, 6, 7, 10, 11 and 12 of the Bill propose an increase in the minimum pension payable in respect of service under the Government or other public service from \$1,650 to \$1,950 with effect from October 01, 2008.

Rising inflation levels continue to pose a challenge to the disposable income of many of our citizens, notwithstanding the best efforts of Government to retain and to reduce the level of inflation and this affects particularly those in receipt of a fixed income. This Government has acknowledged that retirees receiving a fixed income experience difficulties in maintaining an acceptable standard of living, since their purchasing power has been and will be eroded by inflation. In an effort to alleviate the financial difficulties of government pensioners, this Government has recommended that the minimum pension payable in respect of service under the government or other public service institutions will be increased from \$1,650 to \$1,950 per month. This will apply to the following categories of pensioners in the government service:

- Judges, including their widows;
- Retiring allowances for persons in the Diplomatic Service;
- Widows and orphans;
- Teachers;
- Teachers who assisted at secondary school;
- Members of the Industrial Court;
- Public officers;
- Police service;
- Prison service;
- Defence force;
- Fire service; and
- Municipal corporations.

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Mr. President, this Senate will note that every employee who has paid national insurance contributions, among those, including public officers, are entitled to a retirement benefit under the National Insurance Act, Chap. 32:01. This benefit may be either a retirement pension which is payable for the life of persons who have made 750 contributions or more, that being the minimum requirement for a basic pension. The minimum requirement pension was increased in January 2008 from \$1,000 per month to \$2,000 per month.

Therefore, in addition to the increased minimum pension of \$1,950 to be granted to retired public officers, those officers who have made at least 750 NIS contributions will also receive a minimum NIS retirement pension of \$2,000 per month.

The other retirement benefit to which a person may be entitled comes in the form of a retirement grant, which is a one-off lump sum payment, subject to a minimum sum of \$2,000 paid to persons who have made less than 750 contributions.

1.45 p.m.

Not being a recurring periodic payment as in the case of the NIS retirement pension to which I referred earlier, this one-off retirement grant should not be considered as income for the purposes of the Senior Citizens Grant. Assuming therefore, that the only source of income of a retired public officer who is only entitled to the lump sum of NIS retirement grant is the \$1,950 payable as a minimum public service pension, then this officer will also be eligible for a monthly Senior Citizens Grant since his total annual income will be less than \$33,600 or \$2,800 per month.

Mr. President, I now turn to the specific clauses governing the retirement pensions to public officers. Clauses 2 to 7, 10, 11 and 12 of the Bill will amend the following Acts, by increasing the minimum monthly pension payable under these pieces of legislation from \$1,650 to \$1,950 per month. These are as follows:

- the Judges Salaries and Pensions Act, Chap. 6:02, at clause 2 of the Bill;
- the Prison Service Act, Chap. 13:02, at clause 3 of the Bill;
- the Retiring Allowances (Diplomatic Service) Act, Chap.17:04, at clause 4 of the Bill;
- the Pensions Act, Chap. 23:52, at clause 5 of the Bill;
- the Widows' and Orphans' Pensions Act, Chap. 23:54, at clause 6 of the Bill;

- the Municipal Corporations (Pensions) Act, Chap. 25:05, at clause 7 of the Bill;
- the Fire Service Act, Chap. 35:50, at clause 10 of the Bill;
- the Teachers' Pensions Act, Chap. 39:02, at clause 11 of the Bill; and
- the Assisted Secondary Schools Teachers' Pensions Act, Chap. 39:03, at clause 12 of the Bill.

Mr. President, the increase of \$1,950 to Members of the defence force, police service and Industrial Court, will come into effect by way of an amendment to the Defence (Pensions, Terminal and Other Grants) Regulations, the Police Service Regulations and the Industrial Court (Pensions and Gratuities of Members) Regulations, respectively.

The Senior Citizens Grant is amended at clause 8. The Senior Citizens Grant as provided for under the Senior Citizens Grant Act, formerly called the Old Age Pensions Act, is a financial support mechanism which targets a specific group of our population, that is, senior citizens who are unable to or are not in a position to earn an adequate income.

Mr. President, broadly speaking, there are three main areas of financial support for this category of persons: pensions, NIS retirement pensions and the Senior Citizens Grant.

Pension derived from employment or office: Where an individual's sole source of income is from pension derived from an office or employment, the first \$60,000 of his pension will not be chargeable to income tax because of the basic personal allowance of \$60,000, which is granted to all residents.

Retirement pensions payable under the National Insurance Act: This pension is designed to supplement the income of individuals who qualify for the NIS benefit after retirement, and is payable to those persons between the ages of 60 and 65 years if retired, or at age 65 whether or not retired. Although this source of income is exempt from income tax, it is nevertheless to be taken into consideration when computing your total income for purposes of the Senior Citizens Grant. More particularly, the matter which concerns this Senate today, is the Senior Citizens Grant which is payable under the Senior Citizen's Grant Act, Chap. 32:02.

Mr. President, where an individual satisfies the age and residency requirements, currently he will be entitled to a Senior Citizens Grant where his

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total annual income does not exceed the sum of \$30,000, or an average of \$25,000 per month. This income is derived from various sources including employment, pension and the National Insurance Retirement Pension.

Mr. President, clause 8 of the Bill amends section 3 of the Senior Citizens Grant Act, Chap. 32:02, which Act was so renamed by the Finance Act, No. 17 of 2007. The rationale behind the name change was simple. The expression "senior citizen" is more dignified than the previous use of the words "old age", which is intended to signify the continuing relevance and respect for this group of citizens of senior rank, and the use of the word "grant" instead of the word "pension", recognizes the fact that although the payment is not one to which the recipient would have been entitled as part of the terms and conditions of employment, it is nonetheless a payment to which he is entitled under the Senior Citizens Grant Act.

The language used in the Senior Citizens Grant Act states that a person who satisfies the statutory conditions specified in section 4 and receives a total annual income not exceeding \$12,000, is entitled to a monthly Senior Citizens Grant.

Under section 4 of this Act, the person must have attained the age of 65 and must have been ordinarily resident in Trinidad and Tobago for a certain period of time. That period of time is 20 years.

Mr. President, when I stated sometime ago that the Senior Citizens Grant was not an entitlement, I did so in the context of a grant not being an amount which was earned by the individual through his former office or employment. However, the entitlement under the Senior Citizens Grant Act is based on age and residency, and not derived from office or employment. This grant is an entitlement given and granted by written law and cannot be taken away by the Government at a whim. Having met other statutory conditions, that is age and residency, the entitlement to the Senior Citizens Grant is based on a needs assessment with an income qualifying ceiling.

If any change is to be made to the income ceilings or to the amount of the grant payable to senior citizens, Government cannot on its own accord effect such a change, but must first seek the approval of the Parliament by an amendment to the Senior Citizens Grant. Although the mechanism for altering the income ceiling and the amount of the grant under the Act is by way of a resolution, this does not take away from Parliament's inherent right to vary such amounts by an Act of Parliament, in this case through the Finance Act, 2009.

Mr. President, before examining clause 8 in greater detail, this honourable Senate will recall that a sliding scale was introduced with effect from October 01,

2006, whereby such individuals who receive a total annual income exceeding \$12,000, but not exceeding an income qualifying ceiling of \$25,800 annually or the equivalent of \$2,150 per month, would be entitled to a monthly Senior Citizens Grant equivalent to one-twelfth of the difference between the total annual income and the income qualifying ceiling.

Prior to the introduction of the sliding scale in October 2006 where an individual received an income in excess of \$12,000 per year or equivalent to \$1,000 per month, he would not have qualified for the Senior Citizens Grant, there were only two bands of old age pensions:

1. persons whose income was less than \$100 per month, were entitled to what was referred to in law as a monthly pension; and
2. persons whose annual income exceeded \$100 per month, but did not exceed \$1,200 per month, would have receive what was known as a basic pension which was less than the monthly pension.

However, where a person received a total income of \$101 per month, the senior citizen could claim nothing. This administration changed that with effect from October 01, 2006, with the introduction of an income qualifying ceiling and a sliding scale of payments.

The provisions of the Bill will now be considered in greater detail. The Senior Citizens Grant Act will be amended with effect from October 01, 2008 to reflect the following:

- (a) The maximum monthly Senior Citizens Grant will be increased from \$1,650 to \$1,950. It should be noted that the maximum monthly Senior Citizens Grant is paid to persons whose total annual income does not exceed \$1,200, the equivalent of no more than \$100 per month. This increase is to be found in clause 8 of the Bill:

“Where a person is in receipt of a total annual income which exceeds \$1,200, but does not exceed \$12,000, the monthly Senior Citizens Grant will be increased from \$1,550 to \$1,850 per month.”

In other words, persons in receipt of income between \$100 and \$1,000 per month will be entitled to a monthly Senior Citizens Grant of \$1,850 per month. This increase is to be found at clause 8(b) of the Bill.

Clause 8(c) of the Bill deals not only with the sliding scale, but also treats with the income qualifying ceiling which will be increased from \$30,000 to \$33,600 annually or put another way, from \$2,500 to \$2,800 a month. This is an

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increase of \$3,600 annually or \$300 per month. By way of illustration, where a person satisfies the age and residency requirements under the Senior Citizens Grant and receives a total annual income of \$24,000 or in monthly terms of \$2,000 per month, whether that source of income is from NIS or otherwise, that person will be entitled to a Senior Citizens Grant equivalent to one-twelfth of the difference between the new qualifying ceiling of \$33,600 a year and his total annual \$24,000, or equivalent to \$2,000 a month. Therefore, that senior citizen will receive a Senior Citizens Grant of \$800 per month.

At clause 8(d) of the Bill, persons in receipt of a total annual income in excess of \$31,800, but not exceeding the new qualifying ceiling of \$33,600 will receive a flat Senior Citizens Grant of \$150 per month.

Clause 8(e) of the Bill is intended to clean up the drafting from a previous year, when instead of including the provision validating the payment of the Senior Citizens Grant paid on or after October 01, 2006, as a provision of the Finance Act, 2007 itself, the validation provision was included as an amendment to the Senior Citizens Act as a new section 3(7). This is a matter of drafting style. This year the drafters have included the validation in the Finance Act itself instead of amending the Senior Citizens Grant.

I now examine clause 9 of the Bill. In the light of Government's continued support of the differentially and differently abled in this society, clause 9 of the Bill amends the Public Assistance Act to increase the Disability Grant from \$1,100 to \$1,300. This increase is in keeping with the Government's objective of promoting the wellness of all of its citizens and in particular, the development of an environment where basic and special needs are adequately met.

Mr. President, as earlier noted, clauses 10, 11 and 12 of the Bill deal with the increase in the minimum pension benefits to public officers. These clauses were discussed previously.

The motor vehicle tax is to be amended at clause 13 of the Bill. Everyone is well aware that the current global economic difficulties will have an impact on our citizens. The current available data in relation to the sale of motor vehicles, suggests that this segment of the market has already begun to see some decline in overall sales. Notwithstanding the projections in the industry, the Government is mindful of the still large volume of motor vehicles for private use presently on the nation's roads causing traffic congestion and discomfort to our citizens on a daily basis. Although the Government continues to facilitate the improvement of our public transportation, we believe that for now the increase in the motor vehicle tax should be retained.

In the light of this, the Motor Vehicles and Road Traffic Act, Chap. 48:50 will be amended to reflect the increase in the motor vehicle tax on private motor vehicles as follows:

- For engine sizes 1599 cc and under—\$5.00 per cc;
- For engine sizes 1600 cc to 1799 cc—\$8.00 per cc;
- For engine sizes 1800 cc to 1999 cc—\$15 per cc;
- For engine sizes between 2000 cc and 2499 cc—\$25 per cc;
- For engine sizes between 2500 cc and 2,999 cc—\$30 per cc;
- For engine sizes 3000 cc to 3,499 cc—\$35 per cc; and
- For engine sizes 3500 cc and above—\$50 per cc.

This Senate will recall that a provisional imposition, an increase of the motor vehicle tax, was effected by the Provisional Collection of Taxes Order, 2008, which was published in the *Gazette* on September 22, 2008.

2.00 p.m.

In particular, the Provisional Collection of Taxes Order, 2008 imposed a motor vehicle tax of \$5.00 per cubic centimetre on private motor cars, rented cars, station wagons and estate wagons having an engine size not exceeding 1599. Previously, no motor vehicle tax was charged on this category of motor vehicles.

Mr. President, in accordance with section 3(2) of the Provisional Collection of Taxes Act, Chap. 74:01 where a tax is imposed for the purpose of raising revenue to meet expenditure in an Appropriation Bill, the Order which brought such imposition into effect shall expire at the end of four months after the commencement of the Order.

Further, any provision contained in the Provisional Collection of Taxes Order which imposes a tax, shall cease to have effect if an Act comes into operation imposing with or without modifications any such tax. In addition, where the Order expires before the Act comes into operation, any money paid in pursuance of the Order shall be deemed to be an authorized payment or deduction.

As noted earlier, the Provisional Collection of Taxes Order, 2008 in relation to the motor vehicle tax on private vehicles, with engine sizes not exceeding 1559 commenced on September 22, 2008 and would therefore expire on January 22, 2009 that day being the end of the four-month period. Since the motor vehicle tax on these vehicles is contained in the Finance Act, this Act must also come into operation by January 22, 2009.

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Mr. President, clause 14 of the Bill deals with deferred annuity. This clause amends section 28(15) of the Income Tax Act, Chap. 75:01. The section places a limitation of \$25,000 with respect to the deductions made under sections 27, 28 and 31 of that Act in respect of contributions to Pension Fund Plans, deferred annuities and the National Insurance Scheme.

In order to encourage savings for retirement, it is proposed to increase the deduction that can be claimed by an individual in ascertaining his chargeable income from \$25,000 to \$30,000.

I will now turn to clause 15 of the Bill which amends the Stamp Duty Act. Mr. President, this clause was amended in the other place by essentially deleting the provision relating to penalties for infringement of the change of use on the purchase of land for residential purposes owned. The deleted penalties provision is currently undergoing more rigorous research and a comprehensive amendment of the Stamp Duty Act will be brought at a later time. In the interim, general penalty provisions contained in the Stamp Duty Act will govern failure by the individual to comply with the requirements relating to the purchase of land for residential purposes.

Mr. President, Government's stated policy is to make housing more affordable for homeowners and consequently, the approach will be threefold. Under existing law, property valued at \$450,000 or less is exempt from stamp duty. In addition, the applicable stamp duty rate for conveyances of residential properties valued for every dollar of the first \$100,000 in excess of \$450,000 is 5 per cent and for every dollar of the next \$100,000 is 7.5 per cent, and for every dollar thereafter, 10 per cent.

In keeping with Government's policy, we are of the view that further concessions should be given to homeowners and, therefore, property that is or includes a dwelling house to be used for residential purposes valued at \$850,000 or less will now be exempt from stamp duty. Property of that nature valued in excess of \$850,000, but less than \$1,250,000 will attract a stamp duty of 3 per cent; properties valued in excess of \$1,250,000, but less than \$1,750,000 will attract a stamp duty of 5 per cent. Properties valued in excess of \$1,750,000 will attract a stamp duty of 7.5 per cent.

The Government felt that there is need also to address the rates of stamp duty applicable to the purchase of land solely for residential purposes since presently, the law does not provide for exemptions on the conveyance, or transfer on sale of land. In this regard, land purchased for residential purposes valued at \$450,000 or less will be exempt from stamp duty. Land valued in excess of \$450,000 but less

than \$650,000 will attract stamp duty of 2 per cent. Further, land valued over \$650,000 but less than \$850,000 will attract a stamp duty of 5 per cent, and finally, land valued in excess of \$850,000 will attract stamp duty of 7 per cent.

It should be noted, Mr. President, that existing rates in the Stamp Duty Act will be applicable for land purchased to be used for purposes other than for residential use. In order to bring the full measure of relief to homeowners, mortgage deeds will be exempt from stamp duty, but the sum secured by the mortgage should not exceed \$850,000 and is in respect of property that is, or includes a dwelling house and is used for residential purposes.

Clause 16 provides for the commencement of the provisions in the Bill and validates the actions or anything done in relation to the payment of any pension or grant and by the Board of Inland Revenue in relation to the collection of any stamp duty.

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

Question proposed.

Sen. Wade Mark: Thank you very much. Mr. President, today is a very historic one for the people of the United States of America and indeed the people of the entire world. A short moment ago we witnessed on television the inauguration of the 44th President of the United States of America, President Barack Obama.

We in the UNC-A extend to the new President of the United States of America our best wishes and warmest congratulations on his astounding achievement and hope that his Presidency would become and usher in a world which will be more just, more equal and peaceful and socially progressive for all the people. We wish him and his family as well as his administration the best and even though the challenges are very difficult and daunting, they are not insurmountable.

Mr. President, on this particular measure before us today the Finance Bill, 2009, I will demonstrate where many of the revenue-raising measures—in fact, there is one revenue-raising measure—will not be realized by the Minister of Finance and several others designed to promote a culture of savings through the annuity plans, that will not be realized as well.

The thrust into home ownership by reducing the stamp duty is also going to face major challenges in an economy that has already begun to show signs of decline. So what we are dealing with here are many counterproductive measures given the worsening state of the Trinidad and Tobago economy brought about by

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falling production in oil, falling gas prices and a collapse in commodity prices for some of our basic exports like ammonia, methanol, urea, iron and steel, to mention just a few. I will demonstrate that many of these measures, given the galloping global recession and its obvious negative impact on this economy due to a variety of reasons, these measures as announced by the hon. Minister will not realize their objectives.

Mr. President, the first area I would like to address has to do with the minimum pension outlined in this Finance Bill. This is a “pappy-show” arrangement as far as we are concerned and given the statement just made by the hon. Minister of Finance. To tell this Parliament that we are amending several pieces of legislation, for example, the Judges Salaries and Pensions Act; the Prison Service Act; the Retiring Allowances (Diplomatic Services) Act; the Pensions Act which governs civil servants; the Widows’ and Orphans’ Pension Act; the Municipal Corporations (Pensions) Act; the Fire Service Act; the Teachers Pensions Act; and the Assisted Secondary Schools Teachers Pensions Act, how will these categories of workers benefit from the measure that the hon. Minister outlined in the 2008/2009 budget now being cemented legislatively through these measures here today?

We are told that the Government in October 2006 established a qualifying ceiling and also a sliding scale. How would the ordinary worker in the civil service benefit from this minimum pension? How would a prison officer or a firefighter benefit from this 1950 minimum pension?

2.15 p.m.

The full story must be told. The Minister attempted to reveal some elements of that story. Once there is established in this country this qualifying ceiling to access the Senior Citizens Grant of \$1,950, these categories of workers that we have outlined and the legislative measures that we are taking to amend the various pieces of legislation, would realize for those categories of workers this minimum pension that we are addressing today. The reason for it is that this Government has established a qualifying ceiling of \$2,800 a month. You must be in receipt of \$2,800 a month and/or under \$33,600 annually in order to benefit from this \$1,950 that we are being told we have to amend these various pieces of legislation for these categories of workers to enjoy.

We need to be very honest with each other on this particular matter. These categories that we have in clause 1 of the Bill—in fact, in the first few clauses of the Bill—I would say the first five clauses; then you have clause 7 of the Bill,

clause 10, clause 11 and clause 12; all of those workers along with their employers, pay their NIS contributions. And as the hon. Minister said, once you would have satisfied 750 contributions to the National Insurance Scheme, you would then be entitled to that \$2,000 pension retirement benefit that all workers and all citizens would be able to access upon reaching the age of 60 years.

So could you imagine a situation where I am a public officer or a firefighter, or a prison officer; I have made my contributions to the NIB through this NIS scheme or system; the Government has not played a role except as an employer it is compelled under the NIB Act to make a contribution—almost two-thirds/one-third. So the Government contributes about two-thirds and I will contribute one-third of my monthly salary towards the NIS arrangement; so I have made my contribution and therefore I am entitled, when I reach the age of 60 years to \$2,000 pension retirement benefit from the NIB. I have also worked and contributed to the development of the public service. At the moment, as we speak, the pension plan within the public service is a non-contributory pension plan. The Government, based on what the hon. Minister said sometime ago, is about to take certain measures to bring about a contributory-defined benefit pension scheme for the public service. So it will no longer be pay as you go; it will be a new system that the Government will effect in the coming months, if not coming years.

So I enjoy, at the end of my retirement as a public officer, a firefighter, 66 $\frac{2}{3}$ per cent of my final salary. So let us assume that the 66 $\frac{2}{3}$ per cent of my final salary allows me to get a pension from the public service amounting to \$2,000 a month—so I am enjoying, on the one hand, what I am entitled to, the \$2,000 coming from the NIB; I am also entitled to my \$2,000 coming from the public service, the Treasury. How would I qualify for this minimum pension? It is not an additional pension. So on the one hand we are being told that this minimum pension would be enjoyed by all those categories of workers, but they will not enjoy this minimum pension because to access the Senior Citizens Grant we are told by the hon. Minister, you must be able to be working for less than \$2,800 a month or \$33,600 a year. It is the only way and the only time we would be able to access the Senior Citizens Grant.

So these measures that we have in this Bill today do not hold much water; they do not give these categories of workers much hope. This could be misleading, because officers may come to the conclusion, if they are not properly educated, that apart from getting their \$2,000 NIS cheque at the age of 60 and accessing \$2,000 from the Treasury, they would also be entitled to this minimum pension of \$1,950. They could come to that conclusion too, unless they are

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properly briefed. That is why there was a revolt recently by the senior citizens, because they felt that the Government had hoodwinked them into believing that they would have been automatically entitled to, not only the NIB contribution of \$2,000 pension retirement benefit, but they would have been automatically entitled to the \$1,950, not understanding that there is a ceiling of \$2,800.

So if I am getting \$2,000 from the NIB, I will not be able to enjoy the \$1,950. All I would be entitled to is \$800 from that \$1,950 that has been allocated to the senior citizens in this country, called the Senior Citizens Grant. Many citizens in this country do not understand this. They do not understand that the Government really has abandoned them in terms of accessing the Senior Citizens Grant.

Sen. Prof. Deosaran: Thank you, Senator, for giving way. The point the Senator is making I consider to be a very important point, so I just want to know from Sen. Mark, if he is saying that those who get \$2,000 from the Treasury, as he puts it, and those who get another \$2,000 from the NIB contributions, whether they would be deprived of the \$1,950 absolutely.

Sen. W. Mark: Yes. That is what the hon. Minister has just indicated.

Sen. Browne: On a point of clarification. The minimum pension we have determined for Government employees is \$1,950. The Government employees are entitled to the minimum pension as is set out in the Act; they are also entitled to the full amount of the NIS benefit. So they can have both. This is in terms of the Government pensions. Now, relating to those employees, those persons who are in receipt of \$2,000 under the NIS pension, they are not entitled, as Sen. Mark correctly identifies, to make a claim for the Senior Citizens Grant to the full extent of \$1,950. They can only claim \$800 in Senior Citizens Grant, to \$2,800. But that does not apply to the Government employees with respect to the pension entitlement there. So the government employees, where the minimum pension is set out as \$1,950, can also have the benefit of the NIS.

Sen. W. Mark: Mr. President, I do not think he understood exactly what the hon. Senator said. What he has asked—and for clarification let me repeat what he has asked. If, for instance I am a firefighter; I am entitled upon retirement once I contributed 750 contributions to the NIS, to a minimum of \$2,000 as a pension benefit from the NIB; as a firefighter, I am also entitled to a pension from the public service. If my pension at the end of the day is \$2,000—I am getting \$2,000 from NIB; I am getting \$2,000 from my employer, the question that is being asked here is: Would Wade Mark, who is the firefighter, be able to access the \$1,950 Senior Citizens Grant? I am arguing, no, and I am saying it is no.

That is the point that the hon. Senator raised, whether I would be entitled or somebody retiring as a firefighter; you get your \$2,000 from the NIB; you get your \$2,000 that you are entitled to from your pension via the Government; you would now get \$4,000 and, therefore, that would make you above the \$2,800 ceiling immediately and, therefore, you would not be able to access the Senior Citizens Grant of \$1,950. That is the question he has asked. So I think we have clarified it and we could move on now. *[Interruption]*

I am suggesting to this Government that it ought to look at increasing the qualifying ceiling from \$2,800 per month to \$5,000 per month. What that would do is to allow hundreds, if not thousands, of ordinary people who are finding it very difficult to make two ends meet on a daily basis because of the escalating cost of living, and because of all kinds of increases in expenses, in particular medical expenses as an example—in order for these people, not only to access the NIB contribution and whatever little “cacada” or limited income they may get upon their retirement, as Caroni workers—\$900 from the company—they should also be getting the \$1,950.

So we are arguing on this side that those citizens should be entitled to three sets of income: pension from the NIB; the retirement benefit that they are entitled to upon their retirement at the age of 60, and because of their contribution to this country during their youthful lives, they ought to be compensated for that period. If it is \$1,950, they would—

Mr. President, not everybody would be entitled to that. There are people who are multimillionaires in this country. They do not want the \$1,950. But let us target those people who are in need in order to live a dignified and decent life. That is what we would like to argue on this side, that the Government has not set out its case properly and the citizens of this country are of the firm view that they are entitled to the \$1,950. That is why my hon. friend, Minister Mariano Browne sought to slip out of a very serious error of judgment that he committed when he told this country—you know, one of the things we have to do as Government Ministers, we must educate ourselves on the principles of government.

2.30 p.m.

What would it have taken a Minister to call the Solicitor General before he uttered rubbish to the country and asked a legal person in the department—Chap. 32:02 is the Senior Citizens Grant Act—if a senior citizen is entitled to this particular grant? He would have gotten the answer. You do not have to go to the newspaper. There was a screaming headline in the *Newsday* dated Thursday

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January 08, “No right to grant”. While this is being said on one hand, we have the hon. Minister of Finance humiliating my colleague in the other place saying that what he told the country is totally wrong. A grant is an entitlement. I want to address it to him because he is my colleague. I think that he should read and educate himself before speaking in the future.

These elementary errors cause much embarrassment not only to you, but also to thousands of people in this country. People were very hurt and insulted by the remark you made that the senior citizens of this country that they do not have an entitlement, when we know that in law there is an entitlement. There is a right. He has admitted today that if you have to tamper with that right you have to bring legislation here to amend it if you want to make it into a gift. It is a simple issue. I advise him to stop tripping because he will fall permanently one of these days and nobody would be able to lift him. [*Interruption*] It is not a right. You could amend it but he is saying that he did not say so. He said it today.

First of all, I wanted to clarify that point. These categories that have been outlined in those particular clauses are designed to fool the people and mamaguy the population. It is not true. They will not be getting a basic minimum of \$1,950. It will only happen if you do not satisfy the \$2,800 ceiling. That is what you must tell the people. Do not come here and give them hope and when it is passed, the ordinary worker in the public service would be of the view that upon retirement, apart from his or her pension and NIS pension retirement benefit, he or she would also be entitled to \$1,950. That is wrong. They would not get it. That is the first area that I wanted to address.

The second area in this Bill I will address is the revenue generating measure of the motor vehicle tax. The Government expects to realize \$525 million as a result of this measure that we are giving effect to in this piece of legislation. You have just heard from the hon. Minister that in the country car sales have declined. The reason they have declined is because of the decline in the national economy brought about by the worsening global recession. This came about because of the financial crises in the markets which saw investment banks disappear for the first time and commercial banks almost collapsed. We have a situation in our country where this country’s economy is in a state of decline.

It is almost disingenuous for anyone to tell this nation that we are not in a recession. Do you know what is a recession? The economists and economic theory—recession is defined as nine consecutive months or three quarters of negative economic growth. [*Interruption*] I am saying three or nine months of negative economic growth. In the United States, Sen. Ramkhelawan—do you

know when the United States realized that they were in a recession? They got data for nine consecutive months starting from September 2007 and discovered in November 2008 that they were in a recession. They had to take nine consecutive months and see negative economic growth for those nine months before they could have said that the United States was in an economic recession.

Right now, according to the managing director of Scotiabank there is a decline in this economy. We have looked at the data and we cannot see where the Government is going to realize 1 or 2 per cent growth in GDP. From our analysis we have seen flat growth of zero per cent or the worst-case scenario of negative economic growth. It is not happening in construction, agriculture, manufacturing or tourism. The energy sector has almost collapsed. Zero growth! Nothing is going on in the energy sector. The only area that may save us is the services sector and the overhang that it would carry in 2009.

The question I am asking is: Where will the Government realize the taxes on motor vehicles? They are to realize \$826 million overall, but from this particular measure they are supposed to realize \$525 million. From where is this \$525 million going to come? What is more interesting is that it appears to me that this Government does not understand and will probably never understand the vulnerability and fragility of this economy called Trinidad and Tobago and worse, they do not understand the vagaries of the international economy.

When you listen to all the contradictory statements emanating from the lips of this Government, you would realize that the Government is a bunch of incompetents. They do not know how to manage this economy. Do you know who is paying for it? The working people of this country are paying for this incompetence of not being able to understand elementary basic economics in managing an economy. We on this side are arguing that the Government will not be able to realize the \$525 million as it relates to— Are we to expect, unlike what my colleague, the Minister of Energy and Energy Industries said—I understand that you are about to be shifted to national security; you hon. Minister Browne are to go to energy and Martin “going” back to housing. That would not help you because the incompetence like musical chairs will shift around. The problem will not be solved.

The point that we are making is that one Minister on January 10, two days before the Prime Minister addressed the House of Representatives, made downward adjustments and said to the country that there is no need for any adjustment to the budget, whilst the Minister of Finance said two days later that we have to make adjustments and the Prime Minister would address the Senate in

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the coming week. Another Minister is telling the country that there is no need for adjustment because the oil price has not fallen as much as would be necessary for an adjustment. I have an article in the *Newsday*. Mr. President, can I quote it?

Mr. President: Go ahead.

Sen. Enill: I will explain it.

Sen. W. Mark: No. You would explain it when you are speaking; not during my time.

In the *Newsday* dated Tuesday, January 15, 2009, page 16 states:

“Enill: No budgets cut yet

Energy Minister Conrad Enill yesterday said it was ‘too early’ for Government to make any further adjustments to the 2009 Budget.

Enill made this bold statement...

His comment differed from Finance Minister Karen Nunez-Tesheira’s statement last week that Government was considering reducing the budget’s revised oil price from the US \$55 per barrel which it set last November...

Speaking with reporters outside the ministry’s new headquarters at Tower...”

There was no denial. This was published on Tuesday, January 13. It goes on:

“Enill said no further budget revisions were necessary at this time just because oil was trading at US \$37.91 per barrel on the world markets yesterday.

‘No it is too early for that. We have to wait until maybe the end of February to see what the trend is, what the prices are, look at how what we are trying to do can be facilitated within the numbers that we have and then make appropriate adjustments there.’”

What my colleague said may be absolutely true. Whilst he was saying that, the Minister of Finance said something else and two days later, the Prime Minister contradicted everything. This Government constitutes almost a bunch of jokers. I call them an OJT team. They are on the job trainers, trainees rather. Do you know what is interesting with what we are dealing today? If a doctor administers a vaccination on an individual, he can hurt or bring about complications to that individual, but when policy makers in the political directorate administer a wrong policy vaccination, the entire nation suffers. This is what is happening here. You are administering bad policies and the nation is suffering.

Let me deal with this question of an annuity. The Government is hoping, it claims, to forego revenue amounting to \$25 million as a result of increasing the allowance for contributions to pension and annuity plans; from \$12,000, it went to \$25,000 and now it has gone to \$30,000. It is in the Bill before us.

2.45 p.m.

How many citizens in this country would be able to access this new arrangement? How many people have accessed the \$25,000 arrangement earlier? Now we are in a situation of economic decline where the Prime Minister said that we should tighten our belts and save. You can only save when you have something to save. If you have nothing to save, what are you going to save? They are now extolling the virtue and culture of savings—a position that we have been advancing for the last so many years. They have now begun to sing our tune, but the party is over. There is nothing to save in this environment. When they ought to have saved \$15 billion to \$20 billion in the Heritage and Stabilisation Fund, they squandered, mismanaged and wasted the money and now that the money has run out and the rains are here, we are being told to save.

I would like the hon. Minister in the Ministry of Finance to tell this Senate who will take up these offers. Which middle-class individual who has suffered a decline in his standard of living and quality of life? Tell us who will take up the offer?

Mr. President, I want to let you know that the Government has served notice on this nation that it intends to embark on deficit financing and we believe that deficit financing in this era of high interest rates and high inflationary rates is a dangerous course. Mr. President, do you know that mortgage rates at the commercial banks in the last two and a half years have gone from 8 per cent to 10 per cent, automatically? This means that ordinary people, you, and I, who may have a mortgage loan with FCB, Scotiabank, Royal Bank or Republic Bank, are being called upon to pay \$500 and \$700 more on our existing mortgage without any increase in salary or wages. The Government is now talking about a wage freeze. The hon. Minister in the Ministry of Finance has said to the workers of this country: Lower inflation or your job; choose.

Mr. President, when they talk about the plan for savings and promoting a culture of saving through the annuity plan, who will access this? This Government has battered the middle class and brutalized the working class, so how will the middle class be able to save? Do you know what is more dangerous? I read in the newspapers that a managing director of a bank said that he expected

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to employ more people in the collections department because small businesses will default and homeowners may not be able to service their mortgages. Do you know the result? Foreclosures, like in the United States.

We must understand where the hon. Prime Minister comes from when he talks about this mechanism. Why is the Prime Minister talking about deficit financing when he himself, a few weeks ago, indicated to the country that he will not go that route? He would not pursue deficit financing because that is not the policy of the Government of Trinidad and Tobago. Suddenly, this issue comes up and it is clear that this is the line he intends to pursue.

The Prime Minister is on record as saying that he is not in support of deficit financing. He said that some time in November and a couple days later the Minister of Finance was saying that the dynamics have changed and the Government is now in favour of deficit financing. They have said that they will not cut workers' salary, public officers' salary, the Community-based Environmental Protection and Enhancement Programme (CEPEP), the Unemployment Relief Programme (URP) and pensions. Can we believe the Government? We may be told tomorrow that the dynamics have changed and that they have to cut wages, salaries, pensions, CEPEP and URP. The Government cannot be believed. They are not credible. They say one thing and do something else.

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

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

Question put and agreed to.

Sen. W. Mark: Mr. President, we believe that the Government is blissfully unaware of the hardships that this particular mechanism they are about to employ will generate for poor people. I tell this Parliament and the Government that the \$1.7 billion they intend to raise by the issuance of bonds will narrow the money supply. It will generate higher rates of interest for mortgages and consumer durables. It will generate more interest for credit cards. Interest on credit cards has already gone up by 1½ per cent. Overdraft facilities will increase. What impact will this have on small and medium-sized businesses in an inflationary environment? This is a recipe for disaster.

This Government is compromising the future of this country in order to perpetuate its current consumption habits. This Government, if it continues along the lines of its mega construction projects—that construction sector constitutes a

very heavy leak on our foreign exchange and they have to conserve and manage our foreign exchange reserves in a good manner; if they mismanage our foreign exchange reserves—I do not want it; the UNC-A does not want it—they will bring about a depreciation in our currency.

I warn the Government to tread carefully. It does not understand what is taking place in this economy. It cannot borrow money when the prime rate is 13 per cent. It cannot go on the market and borrow money when it knows that it will result in higher mortgage and overdraft rates and higher rates for consumer durables and credit cards. The Government must understand this or we will pay a heavy price.

I advise the Government, when there is reduced income, it has to adjust expenditure and the first way of dealing with expenditure adjustment is to cut out corruption, waste and mismanagement and it will find the country saving a lot of money.

I understand that the Brian Lara Cricket Academy, Hafeez Karamath Limited, was given an advance of \$100 million, which is still outstanding even though the same contractor is in receipt of close to \$350 million from the State. Here it is, a contractor owes you and the people \$100 million and we have paid over \$350 million without deducting that \$100 million. Could that money not have gone a long way in helping the Government in its present situation?

We have the National Academy of Performing Arts which was supposed to be constructed in 20 months. It was supposed to be delivered on January 08, 2008. One year later it has not been delivered. What is worse is that it cost \$441 million for the construction of that building, but the cost overruns are over \$100 million to date.

This is a period when we must be highly efficient. For every dollar we spend we must get value. We cannot waste the public money any longer. We cannot engage in waste, mismanagement, grand corruption and theft. I call on the Government to address these issues because they are real and serious.

Food prices, we are told by the Government, will go down and it will help senior citizens, those on public assistance and those who are differently abled. But while we are saying this, the Government has again, because of incompetence, not been able to deal with some basic food items that we, and the poor in particular, are supposed to be enjoying because the Government has not taken the necessary measures—has not brought the legislation to Parliament.

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I refer to the Common External Tariff (Suspension). There was supposed to be an Order in effect from January 01, 2009 because the last one expired on December 31, 2008. Let me give you an idea of the items that people will be able to enjoy given the current duty on these items:

Butter, 5 per cent; dried grapes, 40 per cent; dried prunes, 40 per cent; corned beef, 5 per cent; herring, sardines, tuna, and a number of other items that people are entitled to.

The Government is supposed to address these in order for ordinary people to access them.

3.00 p.m.

Why has the Government not brought a Legal Notice? Why has the Government not taken action to address this issue? Today it is already January 20, 2009, and the Government has not done it. Do you know what is going on? These items are now being imported and the businessmen are being told to pay a deposit and they will get back their moneys later on. Is that possible? Is that real? Will they get back their deposits?

However, I would like the hon. Minister in the Ministry of Finance to tell us what impact these items, under the common external tariffs, will have on the people of this country. Will there not be an increase in the price of these items because the Government has not taken the necessary action to address the duties? If that is so, will that not have a negative impact on the cost of living and the ability of the people to access these items?

I would like the hon. Minister of Finance to tell us whether the Cabinet of this country has taken a decision to exempt frozen French fries. I would like the Minister of Finance to tell this Parliament, while several items are costing the consumers much more because of their failure to effect a new legal order from January 01, 2009, whether Prestige Holdings/KFC went to the Cabinet of this country and the Cabinet illegally decided to exempt Prestige Holdings from duties and they are importing French fries minus the duties that the other items are now fetching because of the Government's failure to effect the CET. I have information that the Government of Trinidad and Tobago and the Cabinet have given a directive to the Comptroller of Customs to exempt French fries from duties and they are now importing those things without paying duties. Is that a legal thing that the Government is doing? The Cabinet has done that and given a directive to the Comptroller of Customs. We want the Government to answer this question: where is the Legal Notice to exempt French fries to give Prestige Holdings

Limited the right to import French fries in this country? Tell us! We want to get information on this matter because it appears to me that the Government is discriminating against the people.

Canned corned beef is coming here. Poor people buy corned beef. They are buying the corned beef at a higher rate because of the failure of the Government. Prestige Holdings/KFC, however, is bringing in French fries without any duties. I want to know who is in charge of this country, is it Prestige Holdings/KFC or the Government of this country? Why is the Government discriminating against other importation of food items in this country, such as canned corned beef for ordinary people? I would like them to answer this question. I have evidence and information on it.

It is our view that the measures announced in this Finance Bill are not going to bring about the kind of realization, as they relate to revenue that the Government has spoken to in their budget, nor will it be able to provide an incentive to people, particularly middle class, to access homes when the mortgage rate of interest is so astronomically high. We believe that the middle class will not be able to access these particular loans, given the rate of interest that will be charged.

I want to indicate that the President of the United States, in his energy policy, has made it very clear that when he gets into office, as he has gotten into office today, within one year, there will be 100,000 electric cars on the roads of America. He is going to wean America away from oil production from Venezuela and the Middle East. I want this Government to start thinking otherwise. Oil is a dying commodity and the American market will not facilitate us in the future.

I would also like to tell this Government that you cannot be telling this country every day in a financial crisis that "we were wrong". This is what the Minister of Finance has told this country in an article of Friday, January 09, 2009; that they were wrong about the financial crisis. They were wrong about everything. I think the people were wrong to elect the PNM in the first instance. You cannot be making these errors over and over and come and tell people that you were wrong. No, you cannot be wrong. It is either you know what you are doing or you do not know what you are doing. If the Government is incompetent, they cannot manage the economy and they are ignorant intellectually of how this economy functions and works, I call on the Government to pack up, go home, resign and let the UNC-A take control.

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We ran this country on US \$9 per barrel for oil. You better learn to live within your means. You should budget your oil at US \$30. Bring down your expenditure and allow the country to breathe. You are going to bring about social instability if you continue along that madcap road that you are now on today.

Mr. President, I thank you very much.

Sen. Prof. Ramesh Deosaran: Mr. President, pensions and salaries are very close to everybody's heart. These are very sensitive issues and I think, especially in the context of cutting down people's salary or affecting adversely their pensions, these are matters that should be considered very seriously. With as great the amount of dispassion as we could and bringing it forward, in terms of any changes, the evidence must be as objective as possible.

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

The major premise on which the Minister in the Ministry of Finance presented his Bill was on the basis of inflation, therefore justifying the increase to \$1,950. One of my very early points is that money, as it is even in the increase, will not help our pensioners to any great extent. At the top of it, that is really not the Government's fault, in terms of pension policy. The situation that hurts pensioners, as we say colloquially, old people, generally in this country is the lack of proper services, even with an increase in their pension amount.

The lack of services in this country, pertaining to old or aged people, is abysmal, to put it bluntly. I would be surprised if the Government itself has not recognized this. The Minister in the Ministry of Finance once said that the question of implementation and services is a very serious challenge for the Government. When you come and speak about an increase here and an increase there for pensioners, Mr. Vice-President, we have not really hit the nail on the head as yet. What I would suggest, respectfully, is that each Minister in charge of any kind of health or social service do some spot checks across the country to see the extent to which these aged people are suffering for services, languishing in long lines, sometimes in the hot sun, sometimes even to collect the very pensions that you are trying to present to them with the increase.

I speak in this way because of an experience I had just three days ago with an aged woman who had bone problems, osteoporosis. She went three times to a certain public hospital. To cut a long story short, with pain and grief, no amount of money and pension that she had could have helped her. The service in that particular public hospital was dismal. That is why any time a Minister pledges to take the bull by its horns and enquire into his or her Ministry or department in

such a way so as to have people accountable for their functions and their responsibility, that Minister must be not only commended but supported by his colleagues and the public.

Before I proceed, it reminds me of a statement I heard the Minister of Health make recently. He was asked about the health services. We passed a Bill here on the Regional Health Authorities and the roles, responsibilities and sanctions for public health officers, starting with the doctors. The Minister, if I am quoting him correctly, said that he intends to invoke a system to check up on the service delivered by these professionals in the public hospitals and allied public agencies to ensure that the service required is the service properly delivered. I think the Minister ought to be congratulated, because that was the spirit in which we supported that particular Bill and it would be a sin of omission if he as Minister does not provide the vigilance and supervision required. I commend him for promising to do what should be done to follow up on that piece of legislation. More than that, I would like the hon. Minister of Health to report to this Parliament or the public in some way when he has made his checks, what professional defects he had found, especially with respect to servicing poor, aged persons.

We speak about Obama and celebrating the success of Obama, but some of us are very concerned. We are left very grieved to know that which we admire, we seldom seek to practise down here. You speak about compassion and Government being the trusteeship of taxpayers' money, but especially on the role of compassion and his promise to deliver for all people of all kinds, especially the poor and the destitute is a promise that we should also emulate and act upon, especially for aged persons. Too often we express admiration for that which we do not emulate ourselves; taken up so much about complaining about the bad. If it is one thing the Obama ascendancy could do for this country is, for us, especially those in public life, to emulate the way he managed himself, the pathway of reasoning and civic persuasion that allowed him to reach where he has now reached. That would do this country a lot of good. We are enmeshed with too much incivility, not only as a reaction but through provocation, descending into the pit of lawlessness, whereas we have the rules, regulations, manpower and sometimes the currency to do much better, especially in the case of aged persons.

Sen. Mark made, in my view, some points which should not go unnoticed, because the extent to which people have confidence in the Government, to that extent will they be inclined to abide by the laws, respect authority and assist in maintaining

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the law. When Sen. Mark spoke, as he did a few minutes ago, about the concession, seemingly unlawfully, to Prestige Holdings, I think somebody in the Government should reply and tell us if that is not so, or if it is so and what is the justification.

[MR. PRESIDENT *in the Chair*]

You cannot leave these serious allegations of corruption made in the Parliament of the country hanging in the air; it destroys and subverts public confidence in the Government, in the Parliament and in all people who hold public office.

The other is the allegation made just now about \$100 million being paid to Karamath Construction Company. That allegation should also be responded to, apart from what enquiries are being held on such subjects elsewhere. It is a serious charge made in this Parliament and as such, it should be responded to.

3.15 p.m.

If we do not do these things, what has been happening and what will eventually continue to happen, is that people will lose confidence in the system which seeks to govern them. Those of us who still have the balance of thought and who still can afford some reason and proper intervention in these matters should spare no effort, no matter what the risk, in seeking to have the road straightened.

The aged woman to whom I just referred, not only was the service delivered to her quite horrible, but she had an insurance policy to cover health, but when she reached the age of 60, the insurance company cut out the policy that covers health. So, all these years she was paying her premiums, but because she has reached the age of 60, the insurance company decided to stop coverage. That is a very unhealthy situation. It shows no compassion; it shows no mercy and it puts insurance companies into a state of disrepute.

Even if this is a matter of the balance sheet and it is on the basis of an actuarial report, I believe this is an area for the Government to intervene if it is so concerned about aged persons. If it wants to nurture a caring society as it promises as one of its four pillars of Vision 2020, the Government should intervene and take up the difference between what an insurance company could offer and what the required medical treatment is for aged persons after passing a particular means test and so on.

The Government, through the Ministry of Health, provides many services for people free of charge like drugs, surgeries and so forth. There are many cases that are left behind lamenting such as the one I just mentioned. So, providing an

increase in pension is really taking us part of the journey. You need to sit and have a proper review in realistic terms as to what is happening with the aged persons in this country.

I agree with the Minister that the phrase “old age pension” has really become hackneyed and, in a sense, quite connotative. I think “grant” is a better word without getting into the controversy as to whether it could be stopped or not. The Minister did make the point that there is an entitlement under the Senior Citizens Grant Act for such a grant after 65 years. He was also careful, in my view, quite correctly, to make a distinction between an entitlement through the job that you have been involved in and then being over the age of 65 which would then bring you under the Senior Citizen Grant Act. So, I do not see any problem and I do not understand why the controversy has been, in a sense, so volatile.

It seems as if the Government and some of its policies have parted the way. You really do not know which policy the Government is embarking upon because one spokesperson will say something today, another person will say something tomorrow, and even though there is a difference in position, the difference is not properly justified for the public benefit.

Perhaps it is time to have one Minister in the Ministry of Finance; one boss. You cannot have two bosses in the same establishment with equal stature without getting into the question of who is better than who. I have an idea who is better than who, but I do not think it is discreet to make mention of that distinction. We are hearing too much of chatting and statements that keep the business community and investors confused.

In a time of uncertainty, the best thing a government can do is to engage in due reflection, objective analysis and consistency as far as possible. When you have somebody from the Government jumping in this direction today, one jumping in that direction tomorrow and another one jumping in the middle, you are opening up yourself to the criticisms that we have been hearing, but more than that you are subverting your own basis for effective policy making. So, it is time that we have one Minister in the Ministry of Finance. [*Interruption*]

Mr. President, when I talk about dealing with pensions and people’s salaries in an objective manner, I think this is what the Minister in the Ministry of Finance sought to do by replying to an article in the *Newsday* on January 18, 2009 on page 14 under “Commentary”. The title is “Hurting the elderly”, making it appear as though he was out to hurt the elderly, but I do not think that is what was intended.

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Of course, the picture is a very handsome picture. I think it could be used for an election campaign when the time comes. This comment has nothing to do with who should be remaining in the Ministry of Finance.

I was impressed by the manner in which the hon. Minister sought to justify the Government's policy, and that is why I said that there should be only one person doing this business, because you leave yourself open to shape critics like Sen. Wade Mark. I am making this plea very seriously and in the interest of the Government's reputation. Sen. Mark said that he is like a firefighter; Mark the firefighter. This reminds me of Joe the plumber, and now we have Mark the firefighter.

The Minister in the Ministry of Finance, Sen. The Hon. Mariano Browne, put a lot of objectivity in the pension policy, especially when he said:

“...the fund must be stress tested to ensure viability and sustainability. This is why actuaries are consulted as to the decision to increase the pension payout to ensure that the fund can pay the pension agreed.”

He is right. I always found it distasteful and somewhat insulting to aged people when on the political platform it is as if there is an auction going on where one political party will promise \$1,200; the next day the other political party jumps up and says \$1,300 and so on. I do not think pension should become political footballs even in an election campaign. I believe as the Minister is trying to suggest here, that it should be done on the basis of an objective analysis, particularly coming from an actuarial study. There is no better way. It is taxpayers' moneys that you are dealing with and you have to account.

Later on in the article he said:

“...40 per cent of the total 2007/8 expenditure (TT\$22 billion) was on subsidies and transfers ie to that segment of the population who need it most.”

Now, who needs it most is a big issue in this country. Though many of the social programmes have not been working—some of them will no longer be sustainable and some of the beneficiaries have not been able to utilize the privilege and the moneys paid to them properly, so you need a whole review of those social programmes. The Minister was comparing the expenditure on infrastructure which was considerably less than the \$22 billion; that is infrastructure expenditure was \$6 billion.

So, in his view, to make an argument about expenditure and infrastructure against those subsidies, I think he was trying to say that it is really not quite convincing on the basis of the statistics.

Mr. President, this is the more important point that I would like to refer to and I quote:

“In addition, the NIS is an effort at a universal pension plan. But it is only 38 years old and does not at this time cover everyone eg self employed persons. Hence the reason for a Senior Citizens' Grant. In like manner, to ensure sustainability, and in an effort to ensure that the Government does not lock itself into ‘permanent payments that it cannot sustain’...Grant has to be measured and balanced.”

This is the most telling statement in his whole response to the *Newsday* article and I quote:

“Whilst the State recognizes its responsibility for its citizens, citizens also have a responsibility to save during their working lives and plan for their retirement as best as they can. Families and children have a responsibility to their parents as well.”

That is the kind of civilized society that we ought to live in. It is not just a matter of money and the “dishing out” of payments.

I am going to tell you something. Sen. Mark spoke about the middle class, and the middle class in this country is beginning to feel deserted by the Government that boasts of its caring nature. The evidence is piling up without even having to refer to the way the increase in premium gasoline was projected—singling out SUV people from the Mercedes Benz people and BMW people.

When you incite that kind of resentment against the middle class—when you create that kind of hostility against those who have prospered and succeeded—you are creating a division in the country unwittingly. That is one of the reasons the middle class feels so deserted. They have become targets of hostility on the talk shows, commentaries and letters to the editor as if people got what they have by guess. So, on one hand you want people to work and save and when they do so, you are setting them up as targets for an increase in taxation in one way or another. I think you have to get it straight and bring some comfort to a middle class population that feels besieged, distressed, neglected and deserted.

There is a letter here in the *Express* from a gentleman pertaining to that same issue of pensions, payments, grants and subsidies. The letter was published in the *Express* on January 18, 2009. The headline is “‘Free money’ creating political slaves”. We need a whole discourse on that topic. What are the grants doing to

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this country? What are some of the social programmes doing to the population, especially young people in this country? Have you sat and thought about the psychological consequences of how these social programmes are being delivered, monitored and measured? What are the benefits?

When President Clinton was in office, he did give subsidies and welfare payments to single mothers and children, but he always impressed upon them the need to learn a skill, because after four years the payment was stopped.

I know that there is much political advantage in the short term with these subsidies and social programmes, but if you listen to Barack Obama and the sense of responsibility while issuing welfare considerations—as fast as the tears come to your eye—we should also take the opportunity to reflect on whether we are injecting enough sense of responsibility into this society whilst we keep lamenting about lawlessness and disorderliness. They are connected. That is what the letter writer was hinting to.

3.30 p.m.

He said:

“Social development grants and the like should be programmes designed to help those, at the bottom of the economic ladder, make their way from the bottom rungs to a point where they can support themselves.”

Do you have any measure of how many people have improved themselves in an objective way to show this country, yes, that we need to have further social programmes and further social expenditures? Or is it a bottomless pit mainly used for political advantage by all political parties? That has become a habit, an easy way out. If it continues, I merely warn, it is dangerous if you intend to create the four pillars of your Vision 2020.

The letter writer's name is Kelvin James Sr., a regular letter writer. We like to encourage these people, we do not have to agree with them but it is an expression of civic mindedness. He continues:

“I do not believe that they should be used to keep people on the 'perpetual dole'.

That mentality only helps to foster 'the welfare state' and a dependency syndrome. It, then, can be used and abused by politicians to keep the downtrodden dependent on them for their existence.”

This is not an indictment against this Government, this started with our politics many years ago. It has become a habit to the point where people expect the Government to do it, otherwise they will tell the Government, we are not voting for you; I am not voting for the PNM this time; I am not voting for the UNC. It has become so culturally rooted; it is a bad habit; it could be ignored were it not for the fact that it draws on public expenditure.

This freeness can turn others who are willing to invest and work hard into being non-productive, because they see that others are getting by while they are busting their humps to improve themselves. In the long run, it hampers the country's growth, and so it goes on in that light. So, if you want to take the Minister in the Ministry of Finance seriously, we have to make a connection with what this gentleman and so many others are saying outside the narrow political straits.

This has nothing to do with UNC, COP and PNM; I am speaking about a fundamental role of governance with respect to tackling something which has been crippling this country; the easy way in which money is being dispensed. If you have to dispense it and continue to dispense it, you have to have some more objective analysis and convince the country, yes, there are benefits even for those who have been enjoying these welfare programmes; something has happened positive in their lives. Some people are so destitute there is nothing more they can do, but we will know how to differentiate in the policymaking.

In the Bill, it seeks to amend appropriately the Judges Salaries and Pensions Act, Chap. 6:02. Judges are a very sensitive group of people and one has to know how to move very delicately to anything affecting, not only their conditions of service, which are constitutionally protected, but their independence.

So, yesterday and this morning while perusing all these pieces of legislation to which the Bill addresses itself, I took the opportunity to review the relevant legislation about judges' conditions. I was impressed; in fact, I was amazed at the number of allowances: chauffeur, telephone, housing, first-class travel abroad. I think it is quite a deserving package. I think our judges generally are well treated. There are some little gaps here and there, but I believe those have arisen in the course of public administration. But I was impressed by the number of privileges and allowances, which will be maintained, I must say, out of respect for their office, including tax-free salaries.

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

Again, let me be very careful, I am not saying to change the policy, but I feel obliged to refer to the first time this question of tax-free income for judges was

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raised, when Dr. Eric Williams was in office. I remember it was not that time it was afterwards, but an occasion when the judges increase in salaries came about, and the presentation was made to the Cabinet—I have a feeling that Sen. Dr. Lenny Saith would recall this occasion—when Dr. Williams sent the proposals for review by the Chief Personnel Officer at the time, Mr. Cupid, because his point was a very important point. And some time or the other somebody would have to write something concise and persuasive about how inequity is created and how relative deprivation arises and turns itself into resentment.

Dr. Williams's main point in taking care with raising one group's salary way above the others was because it would fracture the equity within that realm of public service. Therefore, instead of an increase in an absolute sense, he provided an allowance—if I could remember the figure—of \$2,000 in those days, per month, because he felt equity in salary conditions and across working groups is a very important criteria for public administration. Then the judges marched, they protested and one administration decided to give them tax-free salaries.

Now, the question of pensions. There are many judges who are retired from the bench; who have gotten ill—I am quite sure Sen. Basharat Ali would elaborate on that—and they really do not need an increase in pension, what they need is appropriate, effective medical care, which is the same point I was making. The increase in the pension would not do those judges the service that they require; not at all.

[MR. PRESIDENT *in the Chair*]

What amazed me in addition to the pension issue, and when I look at the conditions under which judges work, is that why do we not have many more senior persons in the legal profession trying to enter into the Judiciary. Why does it seem so difficult? Is it the marketplace? Or could it be a lack of professional commitment and public service?

Even to get officers with proper conditions, pension rights in the Director of Public Prosecutions' office seem to be a problem. Yes, you need to increase the salaries and conditions, even the pension, but I would like to see in this country—again another point that President Obama made—commitment to country and a commitment to the higher order of obligations, rather than remain in stagnant, at the level of raw, vulgar competition, self-aggrandizement, vulgar ambitions.

Certainly, you have to be ambitious, but this small country needs—and has been demonstrated by quite a few professionals, including those of us who are here—a higher level of professional commitment in the different forms of public

service, apart from having the increase in pensions. We have not really connected increase in salaries and even pensions to productivity. Maybe some day we should begin to do that, but perhaps my colleague, Sen. Annisette, might delve more fully into that possible obligation.

You see, if you depend on the marketplace—just as the virtual economy, as you call it, collapsed—for public service alone, the country will not reach very far as it should. Building of a country requires—as I have said and we have witnessed today, that is why I am making reference to it—what President Obama spoke about: compassion, service, and of course, he reminded his countrymen of how they started, with wagons, from one end of the country to the other; how they struggled to come in boats, suffering.

Perhaps in this time of crisis, as Sen. Mark mentioned, we should remember that when children walk well it is because they have fallen several times before, or you could say, "Sweet are the uses of adversity". Not adversity, but the uses of adversity. If this occasion that faces us, whether it is pension deficiencies, the deficiencies in the services that we render to pensioners, perhaps it is a good opportunity for us all to take stock and see whether we could not all invoke a better way.

Have you seen the class and distinction with which the transition of power took place in the American government? They dined together; they shook hands together. I heard nothing crass, insulting about who "tief" the elections, who was bribed, who was corrupt, look in the mirror, and all that. There was dignity. Even pensioners took their wheelchairs and went to listen, because it is innate in all of us to feel and to want to be inspired by something higher than what exists around us.

To cut it short, that is what Obama's ascendancy and presentation today did. He said, let us put America back; let us lead once again. Let us put Trinidad and Tobago back, not only with the pension arrangement, which is what we are trying to do, but I am bringing the point of services to the aged, as another important point.

The other amendment had to do with the stamp duty. I was tempted to ask the Minister when he was making his presentation, it might look as a naive question, but I am beginning to ask myself what is the role of stamp duty; why do we have stamp duties? [*Interruption*] Yes, but why are you hitting on people who are selling a house and who are buying a house?

What is the historical justification for stamp duty? And if it is historical, why is it still being perpetrated with such aggression, as if it is almost something you must do? It is unduly punitive. Then you are telling us that it will help people buy

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houses. All the seller will be doing is raising his prices to accommodate the stamp duty. [*Interruption*] I know that; I know that. Even if it remains at \$850,000 or so, you are still putting a pressure, if it goes beyond that, on the buyer.

What I am saying in a nutshell, Mr. President, that would not help the situation because the real estate market, to be blunt about it, is too fraught with speculation, greed and demand. This would not do anything as you claim it would do. It would not help anybody buy houses.

3.45 p.m.

Frankly speaking, it is a nuisance tax revenue. You should do away with stamp duty for property. If you want to put certain conditionalities about the income level of the buyer you could do so and so on, but really, I do not see much justification for it.

Sen. Mark raised another interesting point about interest rates and its connection to deficit budgeting. Those of us who know something about this, deficit spending creates a spiral, it creates a cycle from one point to another, and here again I would ask the Government on these matters to establish what you had once. There was a time you had a National Advisory Council, people like a lot of economists and other professionals, accountants. You need some thinking. I have been saying so for many years now, you need some thinking behind your policies and the gaps are showing because of the inconsistency with which you present one policy today and another one tomorrow, and not necessarily connected to the fluctuations in oil, different ways.

You need some more analysis, you need some more reflection, you need to set up groups of people before you bring forward policies, and not only public servants. Public servants also have the habit of preserving their own turf, their own territory and sometimes they would embark on a policy that would affect such turf.

So, Sen. Mark's point should be taken very seriously, the trickle effect of this deficit spending, because when the banks tell you they are raising credit cards by 1½ to 2 per cent in interest, it will affect pensioners. Some pensioners have their credit cards to facilitate their purchases and so on. But that will be all right except the bankers telling us that they are making this increase to help inflation, well, that was the most amusing story I have heard in a long time. You are putting more pressure on the consumer and it will not necessarily reduce inflation, especially since to cut the argument raw, one bank says you must take out "Suckeye Loans". They are encouraging you to take out "Suckeye Loans". It is quite an appropriate

term. I like the term. It is honest—"Suckeye Loans"—when you do "Suckeye Loans" and the other one tells you, "Think Loans". So, it is contradictory. It comes like T&TEC. They have advertisements telling you cut down on your electricity use with your refrigerator and so on, but yet when the wattage decreases they are complaining that business will go bad for them. So, all these touches of deceit are what have made the market so volatile, untrustworthy and in crisis.

My major point is that the pension alone will only go so far. If you really want to help pensioners, all the ministries that are involved in social health services and the protective services should ensure that their agencies and their departments under their respective controls are really producing service to the pensioners and persons of aged disposition more efficiently. And it was on that light I congratulated the Minister of Health for trying to seize that initiative.

Thank you very much, Mr. President.

Sen. Basharat Ali: Thank you, Mr. President. I propose to be very brief in my contribution today, addressing primarily one item which my colleague here, Sen. Prof. Deosaran, referred to and that is the question of the judges and their position. Really, when looking at the Bills that have been passed and became Acts in 2007 and now this Bill before us in 2009, it would appear to me that the judges and their spouses are now in the category of the more vulnerable members of our society.

I say so because I am quite sensitive to this matter. I interface with a lot of these retired judges; I understand their condition. I interface with a couple of the widows of deceased judges, so I feel I am in a position to really put forward a case on their behalf.

The amendment in clause 2 which refers to section 12 of the Judges Salaries and Pensions Act, Chap. 6:02 really covers the benefits—if you may call it that—that accrue to the widows, the spouses of deceased judges. So, we have had in fact over the last two and a half years, three changes and all really refer to section 12(1) and (2)(b) and section 13(1) and (2)(b) of the Judges Salaries and Pensions Act, really referred to the benefits to the pensions of the widow—may also be a widower—after the death of a retired judge. So it does not affect the judge himself until he is retired; in fact there are conditions there for if they die in service.

Clause 12(1) in fact refers to the pension conditions of a deceased Chief Justice. I do not know whether we have any widows in that category, we may just do, and section 13 of the Act refers to judges. So this minimum pension or this

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floor which is virtually equivalent to the Senior Citizens Grant only affects right now widows. If a retiree or a retired judge has anything under those numbers he is not covered, he will just receive his pension.

So, from what I can see the retired judges' pensions have remained unchanged. I have not seen it in this Act or any of the amendments from the two Acts in 2007: Act, No. 17 of 2007 which brought into effect—in fact, the Senior Citizens Grant—the change from old age pension, which I always called it, to Senior Citizens Grant—and then Act No. 30 of September 28, 2007; that is an Act which was assented to one day before the Eighth Parliament was dissolved.

These provided for the pensions to be at floors of I think October 2006 onwards, to a minimum of \$1,150. Then the next amendment which came into effect with Act No. 30, which changed from October 2007 the minimum pension for a widow would have been \$1,650 and today we have with us the Bill here which will provide for the minimum pension for the widow—and I stress widow—being \$1,950. So, evidently, the pension to a widow is halved, in fact, when the judge passes away. So that pension means a sharp decrease.

Mr. President, on July 30, 2008 I raised this matter of the salaries and pensions of the judges in a debate on the Pensions (Amdt.) Bill (No. 2) which dealt with the teachers and the case made for the pension calculations for all of these teachers. I did raise the matter; I did say that I know of the conditions of these judges. I had said then I had hoped to engage the hon. Minister in the Ministry of Finance and the hon. Attorney General in discussions of this matter but I was negligent. It is my fault that since July 30 I had not raised this matter. So, I raise it again today because I feel quite strongly for these people who have served us well and who have left behind widows, some of them in a very impecunious position who have got their bills, et cetera, to pay.

I intended to almost repeat what I was going to say, but what I have to say was so well said by the honourable Chief Justice on the occasion of the opening of the 2008/2009 law term in September of last year, and with your permission I would like to read an extract from his speech. At the time he was speaking about the path that the Judiciary needed to take and the challenges they face. This section of his speech was called “Strengths and Challenges” and I would like to refer to the challenges. This is the verbatim taken from his speech and it says:

“Therefore, as we position the judiciary for the future in accordance with our stated vision and mission and the national thrust towards developed country status, central to that process is the revision of the internal management structure, which is well underway. The strategic agenda will be set by a core

visioning team that is led by judicial officers but incorporates key Court Administration officials. We have identified many of the major environmental constraints and challenges to the accomplishment of our mission. Some of them are systemic, or rather endemic, so far as they relate to the way in which public services have historically been organized and supplied by the state. Included among these are:

The difficulty in attracting and retaining suitably qualified professionals in all areas at rates of remuneration that bear no realistic resemblance to what their services are worth on the open market. May I say without any trace of embarrassment that this includes judicial officers. Public service inevitably involves willing financial sacrifice, but there is a limit. The changing demographics of the bench in the effort to recruit officers who are at the peak of their physical and intellectual capacity, technologically savvy and willing to embrace change, means that potential recruits come with greater financial responsibilities for mortgages, education of children and the like. This is exacerbated by the fact that the method of calculating judicial pensions dictates that, upon retirement, there is the immediate loss of health benefits and more than one half of one's monthly income in circumstances where one is not permitted to return to the practice of law. There is no index-linking of pensions as in the United Kingdom. Judges who retired before the last few rounds of salary increases, along with their families, are crippled financially by inflation. Unlike parliamentarians, we are also severely restricted in the types of business ventures and investments in which we can participate so there is little opportunity to supplement income, while in office and after demitting. The point has been made repeatedly, and so far in vain, that this is not only a disincentive to qualified candidates but it has serious implications for the independence of judges approaching the end of their tenure. There must never be in reality or in the public perception, any suggestion that a judge might feel pressured not to offend in the hope of receiving some future assignment to supplement his/her income."

4.00 p.m.

Mr. President, I consider this a very cogent statement of the position of the Judiciary and what we need to accomplish if, as the hon. Chief Justice says that we are aiming to go to Vision 2020. I would like very much to follow up this matter and I am willing to meet with the hon. Attorney General and the hon. Minister in the Ministry of Finance to discuss what ways can we use, what methods can we use to better remunerate the position of those judges who are

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presently very much in such a position that needs to be rectified. I am promising that this time I will arrange to meet with the hon. Minister and the hon. Attorney General to follow up.

One of the items that I have, in fact, in relation to pension and other matters, is a question of the ability of the Government to pay in the light of the economic circumstances in which we find ourselves with the downturn and the loss of a good part of our revenue. I have done some work on this and I am not very happy with what I see. I have serious concerns in fact, about the numbers that have been put forward by the hon. Prime Minister in his statement about what that shortfall is, by going from a budget estimate of US \$70 per barrel and US \$4.00 net back for one million Btus to WTI of US \$45 and US \$3.25 on net back.

I have looked at the numbers and the deficit, or the shortfall I am seeing is so much higher, I just cannot explain it. It is not the \$7 billion, it is almost twice that and I have used as my yardstick or base case, year 2007 because those are the parameters which were used in preparing that budget, the 2007 estimates. In fact, if I look back now at 2007, the crude production and the natural gas production at that time during that year, it is pretty well equivalent to what we have now in 2009. So, I cannot see how this shortfall is so low. I have approached the hon. Minister of Energy and Energy Industries; and I would wish rather than discuss it here, to speak to the hon. Minister in the Ministry of Finance and the hon. Minister of Energy to see whether I am correct or not because it bothered me a great deal when I started to look at those numbers. Instead of a \$7.2 billion shortfall, I was seeing a \$14 billion shortfall compared to estimates of both those years.

So if there are such large differences, I would like—I have been through line by line and I cannot identify where these numbers come from, so I am hoping that before we have the next Finance debate which will be the Supplementary Appropriation, I will be able to get clarification. I hope I am wrong because if I am not wrong, we are in serious problems with deficit financing of any kind.

So, Mr. President, on that matter, I will defer till the next debate, which we will probably have next Tuesday.

Thank you very much. [*Desk thumping*]

The Minister of Agriculture, Land and Marine Resources (Sen. The Hon. Arnold Piggott): Mr. President, I am pleased to join in this debate on a Bill to provide for the imposition or variation of certain duties and taxes, and to introduce provisions of a fiscal nature and for related matters thereto.

Mr. President, at clause 15 of this Bill, provision has been made to amend the Stamp Duty Act. When the hon. Minister of Finance presented the 2009 Budget Statement last year, it was stated in the Budget Statement the following:

“...the Stamp Duty Act...which resulted in an increase in the threshold for the qualifying property values subject to Stamp Duty from \$350,000 to \$450,000—” will be amended. "In light of the continued rise in domestic property values and recognizing the Government's objective of making housing affordable for all of our citizens we propose to further increase the qualifying property value to \$850,000. This means that no stamp duty will be payable on the Government's low income housing programme. Properties valued in excess of \$850,000 but less than \$1.25 million will attract a stamp duty of 3 per cent. Properties valued in excess of \$1.250 million, but less than \$1.750 million will attract a stamp duty of 5 per cent. Properties valued in excess of \$1.750 million will attract a stamp duty of 7½ per cent.

This measure is estimated to cost the Government an additional \$30 million and will require amendments to the First Schedule of the Stamp Duty Act...under the heading, 'Conveyance or transfer on sale of any property’”.

Mr. President, I heard the Leader of the Opposition in the Senate. Sen. Mark say that he will seek to demonstrate that many of the measures in the Bill at hand will not be realized as to increase in revenues, that the measures will not realize their objectives. I do not know whether Sen. Mark had looked at the Bill very closely, because the bulk of the measures in the Bill is seeking to bring relief to citizens in Trinidad and Tobago, but for one, the area of duty on motor vehicles. And even that is seeking to bring relief to people in that the traffic situation in Trinidad and Tobago has gone out of control and that measure will indeed bring some relief.

So, I would like Sen. Mark to take note and not to seek to mislead in any way in terms of the Government seeking to increase revenues by these measures, rather than seeking to bring relief for the citizens of Trinidad and Tobago.

In terms of Sen. Prof. Deosaran, I heard him say, I believe, that the stamp duty will be a nuisance and perhaps it should be removed. I am being generous to say perhaps because I do not think he had said perhaps. Well, this Government has been gradually reducing stamp duty on property for years, and that is why we have now reached a threshold of \$850,000 for no stamp duty. This, therefore, cannot be deemed to be punitive as enunciated by Sen. Prof. Deosaran.

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Mr. President, in proposing an increase in the threshold for the qualifying property value in terms of stamp duty from \$350,000 to \$450,000, some of the considerations by this caring Government under the PNM administration were:

- affordability of housing accommodation to the largest number of citizens;
- ease of access to better housing by many;
- a better quality and standard of life for more of our people;
- an improved environment in which to bring up and educate the children of this nation;
- building structured communities.

And much, much more.

Clause 15 of the Finance Bill seeks to amend the Stamp Duty Act like I said before, and this amendment seeks to move the threshold from what was \$450,000 or less attracting no stamp duty, to one of \$850,000 or less to be exempted from stamp duty. This would be a welcome change to persons purchasing property. Under the present law, a residential property valued at \$650,000—to give an example—would attract stamp duty of \$12,500, and the property valued at \$850,000, would attract stamp duty of \$32,500. Under the proposed amendment, these properties would now attract zero stamp duty.

Mr. President, the proposed amendments in clause 15 also stipulate some other activities. I will not go into those at this time, but to say that the Bill also seeks to amend the stamp duty on land purchased solely for residential purposes. Under the existing law, there are no exemptions from stamp duty on the sale of land. Therefore, what the Government proposes in clause 15, is that land purchased for residential purposes valued at \$450,000 or less will be exempt from stamp duty. Again, zero duty, zero dollars in terms of land which is purchased exclusively for use as residential purposes.

Finally, clause 15 of the Finance Bill seeks to exempt from stamp duty, charges on mortgage deeds where the sum secured by the mortgage is \$850,000 or less. This is in respect to properties with a dwelling house or to be used for dwelling or residential purposes. The purpose of this amendment is to bring further financial relief to homeowners with mortgages.

I am sorry Sen. Mark was not here, but I am sure he will be able to get the *Hansard* of my comments in regard to what he has said earlier.

Sen. Mark: What it was?

Sen. The Hon. A. Piggott: Therefore, the amendments in clause 15 of the Finance Bill 2009 will definitely bring some relief to persons seeking to purchase homes or land for residential purposes.

Sen. Mark, I would like you to remain in the Chamber so that you can hear when I speak, what I say. I would be happy to have you stay here so that we can speak to you on the subject.

Mr. President: If you do not mind, you can address your comments to me.

Sen. The Hon. A. Piggott: Thank you for the guidance.

Sen. Mark: Mr. President, would my colleague give way? Mr. President, through you, I want to apologize to my colleague for being absent when he was making his contribution. But I want to ask the hon. Minister of Agriculture, Land and Marine Resources, have you addressed the issue of exemption administratively by the Cabinet of frozen French fries for KFC/Prestige Holdings, as against corned beef for ordinary poor people? Could you tell the Parliament whether that has taken place and it is an illegal act?

Sen. The Hon. A. Piggott: Mr. President, I would leave that for someone else to respond to later on in the day.

4.15 p.m.

Mr. President, when one examines the relief—and I want to tell you that matter of which you speak, you should not go there now—that clause 15 of this Bill envisages in terms of stamp duty payment which hitherto on property values up to \$850,000 would have been as much as \$32,500, it is clear to make some links to the well-articulated plan of this Government under successive PNM administrations, but particularly under this one of the hon. Patrick Manning.

Mr. President, this plan to which I refer is the Vision 2020 plan. As you would have been made aware, it contemplates that Trinidad and Tobago will become a developed country by the year 2020. Mr. President, can I seek your relief from the Leader of the Opposition on that side so that he can pay attention to what I say?

Mr. President: Minister, we will all give you the relief if you debate, you have been reading extensively and you are an experienced Senator, so I ask you to debate and not to read. [*Desk thumping*]

Sen. The Hon. A. Piggott: Mr. President, this plan, Vision 2020 envisages that Trinidad and Tobago becomes a developed country by the year 2020.

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Supporting this vision are five pillars: promoting effective government, enabling competitive business, nurturing a caring society, investing in sound infrastructure and developing innovative people.

Mr. President, it is on three of these that I wish to bring the attention of this honourable Senate and the national population. Nurturing a caring society: This Government has consistently been working towards caring for all citizens of this country, and embedded in its plans are to ensure that the basic needs of this country and its citizens are met. Shelter is one of the critical needs of this country and this Government has consistently been seeking to provide such under the pillar, nurturing a caring society.

Investing in sound infrastructure: For every residential house that has been built either by the State, private sector or by individuals, we are building and putting infrastructure in place and providing an improved environment. It is clear that all our citizens take pride in their homes and home gardens.

Developing innovative people: As we build these units, people seek to be innovative in terms of extensions to their homes as they come up with ideas as to how to extend their homes. So the reduction of the threshold on stamp duty from \$450,000 to \$850,000 is indeed part of the Government's Vision 2020 plan to extend the caring society to ensure that it is nurtured, the infrastructure is built up, that the environment is secure and in creating innovative people in Trinidad and Tobago.

Mr. President, successive PNM administrations have worked assiduously in providing shelter and housing, we can go as far back under the administration of the hon. Dr. Eric Williams, we can take it through to the hon. George Chambers and the several incarnations of the current Prime Minister, the hon. Patrick Manning whose target it was to ensure that we build some 8,000-plus housing units annually and which target we have successfully achieved.

Mr. President, in my hand today I have a whole range of housing projects which have been done in Trinidad and Tobago as far back as the 1980s. We have projects which were built in Maloney; Malabar; Bon Accord in Tobago; Buccoo; Diamond Vale in Diego Martin and we can go on and on. We have projects which were built in Bon Air; Beverly Hills; Lady Young Road; Barataria; Pleasantville and we have projects which were built in Union Hall.

Mr. President, the housing stock in Trinidad and Tobago has indeed been extended extensively. We have created numerous housing units for our citizens; we have built a number of units and are seeking to build more. Even as there are

some changes and challenges in the global economy, we are continuing our programme, it will be slow as announced by the Prime Minister and the Minister of Finance but housing will always be a basic need of all our people, it will always be required.

More and more people would wish to have more space for their families and more and more people are also returning to Trinidad and Tobago over time and we still have a lot of land on which to build residential units. We would like to see that Trinidad and Tobago continues to generate excellent housing stock at affordable prices with easy access. That is the plan of the Government of the Republic of Trinidad and Tobago currently under the stewardship of the hon. Patrick Manning.

Mr. President, the stamp duty referenced in the Bill, which seeks to bring relief to the people in housing when amended will bring this relief. It is not punitive, it is not intended to be a burden or do anything but bring relief which this Government is committed to doing continually.

Thank you, Mr. President.

Sen. Mohammed Faisal Rahman: Mr. President, I want to thank you for this opportunity to make my contribution on a Bill to provide for the imposition or variation of certain duties and taxes and to introduce provisions of a fiscal nature and for related matters.

I am going to be very discomfited at the hour I have started to speak. I was hoping that the former speaker would have spoken for a few more minutes so we would have gotten into the tea break. *[Interruption]* I do not like my contribution to be broken up.

Mr. President, I would like to add my own contribution to Sen. Mark's opening statements regarding the momentous nature of today being the inauguration of the 44th President of the United States of America. I personally want to register this on a public forum such as this, that we are very pleased and we feel we are participating in a historic moment.

Often one is asked on such and such a day do you remember where you were and it is on such tremendous events that we reflect and remember where we were at those particular times. There was another interesting development today. Today saw the removal of four PNM Members of the Tobago House of Assembly from yesterday's result and I believe that has ushered in a fresh breeze into the Tobago House of Assembly and I believe it is going to mark a turning point in the political realization of the people of the country of Trinidad and Tobago.

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This Government has always claimed—and has repeated it here—to be a caring and prudent Government. I would like to use this Bill today to discuss the measures that are being sought to be implemented to show to the nation that this Government probably indeed does care, but it does not know how to translate that care into positive action on behalf of the citizens of the country. This is an extremely important aspect of things, and insofar as prudence is concerned, it imagines prudence as one of its attributes.

From a couple of statements that were made in the present atmosphere of a global turmoil in financial affairs, we have a situation here where prudence is the last claim that this Government can seriously make with regard to how it manages the affairs of this country. There were several statements which were made by the hon. Minister in the Ministry of Finance, Sen. The Hon. Mariano Browne while he was making his presentation and I want to mention them because I want to refer to these statements as I proceed with my contribution.

He mentioned that the Government was cognizant of “the rising inflation levels”. That is a key statement he made which has inspired the present fiscal measures that are being proposed for adjusting pension entitlements. He also made a statement that this was in accordance with “the best effort of the Government”. Now that is a relative thing because what the Government regards as the best effort, I would show you as we go along this evening how very far it has fallen to what can truly be regarded as a best effort.

He also mentioned that the Government was seeking to provide “an adequate income” to our pensioners and our senior citizens. I do not know what is his yardstick for measuring this, but the last thing we can say for most of the senior citizens and pensioners who receive their grants based upon the present qualification ceiling that this is a—I do not know how to phrase this—but to even think that you are providing an adequate income with such an income qualifying ceiling is a totally absurd concept.

Again, a very lovely phrase he used was that the Government was seeking to treat the senior citizens “in a more dignified way” by giving them this very generous Senior Citizens Grant. We know what happened recently when the orchestrated computer glitch, which was denied later by the Government treated the senior citizens with “great dignity”. As a matter of fact, we nearly had a riot among the old people; if they were younger we would have had a serious situation.

I would say that dignity is the last thing that these senior citizens enjoy when they have to go to the bank and realize they are getting \$100—

Sen. Enill: Mr. President, just for clarification by the Senator. Is the Senator saying that the public service was involved in an act of sabotage? I ask that because I hear him say the “orchestrated glitch”, and I am trying to understand the statement he has made in the context of its impact on the public service.

Sen. M. F. Rahman: Good question, I am glad you raised that. If you examine the phrase that I used; “an orchestrated computer glitch which turned out to be”. The first response that was given to the Government—you got the point?

Sen. Enill: No.

Sen. M. F. Rahman: The first response that was given was that it was a computer glitch, so that was an orchestrated response.

Hon. Member: He did not say that.

Sen. M. F. Rahman: You better check the *Hansard*. I said: “It was an orchestrated computer glitch which turned out to be false.” In other words, the explanation that was first offered to the public was that it was a computer glitch. Take them off our backs, that is a computer glitch, we would fix that.

The rectifying statement was very careful to say not that we would pay the difference, but we will pay them the correct amount according to the terms of the Senior Citizens Grant to which they are entitled whether it is \$100 or the full amount because they are not getting any income. It was an orchestrated response in the extreme circumstance, and I am happy that I have satisfied you, my colleague.

I want to go on to a little—

Mr. President: I think you should hold that, Senator. It is 4.30 p.m. We will take the tea break and suspend the sitting until 5 o’clock.

4.30 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

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

Sen. M. F. Rahman: Mr. Vice-President, when we broke for tea, I was just about to give a couple of quotations from the hon. Minister of Agriculture, Land and Marine Resources, hon. Arnold Piggott. I am using these quotations because I want to show how the measures that seem to be implemented do not really accomplish the purpose which the Government has been seeking to accomplish. Hon. Arnold Piggott said that these measures were seeking to “bring relief to

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citizens” and they were not really intended to increase revenues, with the exception of the motor vehicle taxes. So the measures were seeking to bring relief to citizens and, further, to accomplish an improved environment to bring up children.

Now, all of these are very laudable objectives and it would have been very lovely, indeed, if the measures that are being brought today would have accomplished these objectives. Unfortunately, we have a situation where, despite its good intentions and its desire to translate care into tangible benefits for the population—and I will grant that there is a conspiracy of circumstance globally that is really now going to keep the Government very much on its toes and acknowledge that these measures were brought in a little before the tidal wave of economic confusion really came about. But what the Government needs to do is to reassess its position and bring about measures that would become truly meaningful that would benefit the population that it seeks to benefit.

You see, I will give you a single first example. The Government complains—and it has complained—about the studies that have been projected where providing pensions is going to become a great problem to be borne by a reduced income-earning community and an increasing geriatric population. I have made the point in this Chamber that pensions payable in TT dollars do not require that roundabout way of generation. And I will tell you, in recent times, this method of financing governmental financing which has been hardly known to the general population, has become a commonplace bit of knowledge to everybody who reads the papers.

In the recent meltdown which came about because of the subprime crisis, the United States government has had to resort to something that it has been doing all along but which very few people recognize as a valid method for governments raising finance. It has been running its printing presses 24 hours a day, seven days a week—as they say, 24/7—for years and I have made this point here. We cannot utilize our money for international trade because it is not acceptable overseas, but the United States of America only has to produce printed money to be able to pay for all of its bills.

Now, it is common knowledge that fiat money which, even the biggest governments in the world—America, Britain and all of these countries—now have to resort flagrantly and openly to the issuance of fiat money to bail out corporations which were supposed to have been treating their customers properly but which were more looking after the interests of their chief executives and their shareholders than the population at large.

The point I am making here is that our excuse for not raising the qualifying ceiling for pensions is that—it is a twofold excuse given: number one, it is costing the Government too much money and; number two, it will cause inflation. But simultaneously with that, the Government argues that it is only through its spending that we can avoid a recession. On the one hand it says we must spend and on the other hand it says we cannot spend on “all yuh”.

Now the question is this: Why do you want to have a pension ceiling that does not permit a decent subsistence level for everybody? The further anomaly is this—to backtrack for one second. If you use the principle of fiat money, you do not need to invest money long-term to cater for the future, to pay pensions in your local currency. You simply do not. But the other side of the coin is this, that on the one hand they are saying that we need to spend and yet they are spending money in foreign labour that is imported here and denying our unemployed people an opportunity for full and complete employment, and that money that is paid even if in TT dollars, has to go back to purchase US dollars to repatriate to the home countries from which these workers come.

So on the one hand you are saving money by getting a lower contract figure and at the other side, you are finding money to pay foreign workers who will deplete your foreign reserves, when it is so simple to employ local people; keep your money within your shores and provide the pension for the people that they are entitled to. Because the unfortunate thing is this, that while you are seeking to treat people better, you have created a tremendous disincentive to people who have been accustomed to working for their money and working to put aside and to provide for their retirement years.

Here you have a situation where “fireman” Wade Mark labours, pays his NIS contributions and is entitled to the \$2,000 from NIS; he is entitled to the non-contributory pension scheme that the Government had implemented years ago, with a social conscience, but which the Government now is claiming that it has to make it contributory so that it can provide; when all it has to do, virtually, is to issue the currency and soak up liquidity when it wants.

But here you have the situation where, “fireman” Wade Mark works for 30 years and at the end of the day he gets what he has paid for and other people who did not work a day in their lives—all of the housewives, the older women and all of the fellows who bummed out and who never provided for themselves—I am not saying anything wrong about housewives; I am talking about the contribution in the aspect that we are talking about, because housewives work alongside their husbands, but then the husband has to provide for them, because they work for him.

But what I am saying is this, that the housewife has an entitlement but that is not an entitlement for which the working man or the working woman—the housewife who combines the housewife duties additionally with working in the fire service, because we have women in the fire service now and they have children and they get their maternity leave. So it is not a slur upon housewives by any means. I am trying to illustrate a point here, that there are many people who become entitled to the new revised figure of \$1,950 and they have not worked a lick in their lives in the public service. So from what investment are they being paid their pensions?

So the whole concept of pension entitlement and payment has to be looked at holistically, because while it may be true to say that a person never worked—and this is the point I have always sought to make—when it is said that a citizen never worked or never had formal employment, the reality is that everything he bought with the money he got, he was paying VAT and other duties along the way and every citizen has a right to the patrimony—I have made this point already, but now we are talking about pensions—of this country, because the greatest national resource which the World Bank discovered a few years ago is the people of the country, like I said already. A rock without people is not a nation. A museum is not a nation, but one million people on a rock; or I should say a beautiful country without people is not a nation, but a million people on a rock constitute a nation. So the first wealth of the nation is the people. So that when we say that we are excluding people—you see, you have a totally anomalous situation where those who work are deprived of their natural citizen's rights and those who have not worked get rights almost equal to those who laboured. There is something fundamentally flawed.

My suggestion, which formerly “fireman” Mark had made, was that let us raise the qualification ceiling so that everybody would receive their grant and those who have laboured to provide for themselves will get the fruits of their labour and at the same time get the citizens grant to which they are reasonably entitled. Because bear in mind, that when this money comes into their hands, they spend it on their families and their children. You know, we have to encourage people to save. It is not like if everybody takes everything and puts it away. Certainly, the Government does not do that. But the point here is, that people who, when they get money, if they have the Government syndrome, it would be: money, money, money; spend, spend, spend. Unfortunately, the Government likes to spend when it has money and it likes to spend when it does not have money.

When it does not have money, it is looking to borrow to spend. So the whole system of the Government's mentality is money is the panacea for everything, which is a very peculiar way to look at it. But let us get back to the matter.

Sen. Browne: Thank you.

Sen. M. F. Rahman: No, no, that is relevant, my good friend. What I just said there was very relevant, because it is symptomatic of the Government's mentality. While it is seeking to appear to be caring, it is giving with the one hand—"We are giving a \$300 increase and we are taking it back because you are not entitled to it", on the other side. The Lord giveth and the Lord taketh away, but the PNM Government likes to give and take too, because they are not really giving you what they say they are giving you. They increased all of the pension Acts that we have amended in recent times, raising this, that and the other. All those people have had a corresponding decrease in their entitlement with the Senior Citizens Grant.

So the whole thing has been, like Sen. Mark said, a mamaguy. It is a "pappy-show"! You are saying you are giving and you are caring and you want to make it better, but you are not actually giving. You are raising figures and extracting back on the other side, when the Government can, in fact, provide TT dollars for all of these things.

The point is, that the whole concept of pensions being limited in the way that the Government insists upon limiting it, impacts upon the justice of citizens' rights. We have the situation where citizens are disadvantaged and when you realize that you are given a \$300 increase—and I do not know how much the judges are going to celebrate this \$300 a month increase. I was under the impression that judges' pensions were quite substantial, based upon their former income and I could not find the earlier Bill to which this referred to see what judges' pensions really are. I went and bought the things from the Government Printery; I checked the library of law books I was given and I could not find an up-to-date figure on what judges' pensions are.

So if it is that judges are really only making \$1,950, something is really fundamentally wrong. I cannot believe that, because you are going to be encouraging a judge, not merely to do as Sen. Basharat Ali mentioned—I am wondering about considering not being as hard on somebody because of a job he might want to get later. But you are looking to create corruption in the Judiciary if all that the judge can look for, after serving as a judge for several years, is—well, the ceiling is \$2,950 when he scrimps and saves. He has to give up the quarters he was in. I do not know how they manage.

5.15 p.m.

Along the way I wish that we could hear from the Minister of Finance what judges get now. I cannot see them getting very excited over \$300 increase. It does not make sense. This Bill goes through eight or 10 different Acts to adjust and increase. The constant thing is increase, increase, but you lose here; you get here but you lose there. Of all things that have been said by the Minister, as I quoted earlier not one of those very nice statements with concern for the population accomplishes what the Government is claiming will result from these measures.

I will go to the question of the motor vehicles at this point. I keep saying proposals, but this is a fait accompli because we do not have any say in the matter. This is a money Bill and it is a given thing. I am saying these things to share my perspective with the Government. I am sure that after today they would rethink certain things. You have a situation which is very critical where much additional motor vehicle taxes are being imposed. The original intent as was stated clearly by the Minister was to limit the number of vehicles on the road. I had it in my notes to say it in case he did not know but he knows.

Motor vehicles are a self-limiting import now because of the global recession. For the information of people who have not been paying attention to the news, General Motors and Ford Corporation are about to shut down, virtually. They are going to be rescued by the printed money that the government is going to give them. It is US \$700 billion of which the sum of \$350 million has been given to banks that are refusing to account for it. I do not want to digress too much. The point is that the vehicle population that the Government is seeking to impact on negatively has started to do that because of the global situation. We are stuck with having to accept these increases.

There is a terrible spin-off from those increases. Before we get to that, in anticipation of having to face up to a tremendous subsidy which has now evaporated—if the subsidy was based on the price of oil as we were told before—we are still stuck with the 33⅓ per cent increase for premium gasoline which has no justification in today's reality. There is no reason that that increase on premium gasoline jeopardizing all the “fellas” who are putting super in their cars and mixing it with premium—I do not know what would happen to the country's vehicles. There is no justification to maintain that. You did not do it as a revenue measure. You did it as a punitive measure for whatever purpose you have in mind. Now, you are implementing increases in motor vehicle taxes that go up to 100 per cent in some cases and 300 per cent in the smaller vehicles that people want to buy.

What is the domino effect of that? Welcome to the new world. The domino effect of that is that the 81 cars that the police just seized from all the racketeering that is going on in the motor car “tiefing” industry, that is the only way I could call it, the motor car stealing industry. That is what it is. How many cars? It is 2,000 cars a year. When you understand what is going on with the motorcar industry and the motor car insurance industry, you would realize that by increasing the motor car taxes you are giving life and regeneration to the stealing industry so that guys would get around this. When you make certain drugs illegal, they smuggle them in. We are talking today and two months ago they seized some vehicles. That is the tip of the iceberg.

We are increasing the cost of vehicles; penalizing people who would be prepared to buy vehicles and pay to get it on the side cheaply without a trace because you are destroying records in the licensing authority. Before the taxes were increased vehicles were stolen, resold, repainted, renumbered and the chassis numbers were being moved out. You are looking for serious trouble. You are encouraging the “fellas” who can provide a cheap vehicle by theft to find better markets. The profile of the average buyer of those stolen vehicles cuts right across the spectrum of professionals and income earners. It is not only the poor man who is buying this. From what I have heard, some policemen, businessmen and professionals have been involved in buying stolen vehicles.

We are going ahead blindly to increase motor vehicle taxes, admittedly by the Government and not as a means of raising the revenue. It is a self-diminishing industry now because of the import situation. Why do you not reconsider this? The worst thing is that the cheapest vehicles have the greatest percentage increase in terms of vehicle taxes. There is no way that you can justify this. If you want to say that you are easing the wealthy people—the most expensive vehicles that the “fellas” could afford to buy have the smallest percentage increase in terms of taxes being imposed.

The whole position with the motor vehicles is that you are trying to make things easier for people. You have the water taxi to ease up the car population. You have put 400 new buses on the road. You are not trying to raise revenue. You are not succeeding in reducing sales because sales have already been reduced. Why do you want to penalize the few people? You are giving impetus to the illegal trade of stolen vehicles. We have to look at this aspect of your measure very carefully. There are negatives. I cannot think of a positive. There is not a positive in the picture to justify these increases. There is no reason.

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Unfortunately, you have brought a Bill that you cannot pull back now because “it gone” through the chute. Everything has happened and we come here today and there is no clause by clause. It is an accomplished thing. You have to think it over. If the nation is going to become aware of these anomalies and contradictions, you do not want to continue to look like a “chupidee” government taking measures that are not meaningful.

On the reduction of stamp duty for properties, the objective is laudable. I suggest very humbly that if you want to make a difference to people with the crunch and recession, people who bought their houses in the last three, four and five years have paid tremendous stamp duties. If you did not pass this today within two days you would have to refund all the motor vehicle taxes you took. That is not impossible. They have a record. If you want to make a difference for the people who bought within the last four and five years and are saddled with increased interest rates and heavy mortgages, give a rebate on the stamp duty to the equivalent that would ease them up. That is where it hurts the most.

The people who bought their houses in the United States and could not afford to continue their instalments were those who caused this domino collapse that spread across the world and is still affecting all over the world. We do not know what is ahead of us in terms of what viruses we would catch along the way. We cannot look forward to the government of the United States giving us some of the fiat money that they are printing. “Dat eh go happen.” We have to find a way to bring some relief to our people.

My recommendation for this stamp duty is to go back a few years and give rebates. Credit it to the people’s account whether it is the housing authority or the banks. Do not give money in hand so that they could spend it. Let them get an ease in their monthly instalments.

The other very important matter is this. If you read this Bill carefully you would see—I am sure that the Government did not intend this. It is a matter of seeing the implications when you are drafting a Bill and what would happen when you implement what you want. The way I read these amendments, according to what is proposed, if a person changes the use of his property he has to make good with the stamp duty department and pay certain penalties. Many “fellas” would be very happy to do it that way because the Town and Country Planning Division which is responsible for approving change of use “eh comin in de picture at all wid dis system here.” This is like a “fella” establishing his residence by getting a connection from T&TEC and being able—I think Jamaat al Muslimeen even pull dat one.” They had light bills in their names so they were entitled to the land.

When you legitimize a person's change of use from residential to commercial via the route of a penalty to the Stamp Duty Division, it is able to sidestep. Once the Stamp Duty Division accepts that as the penalty, he is now considered bona fide commercial use. The Town and Country Planning Division does not want commercial use here, there and everywhere. They want it in an ordered and organized way so that they can control the development of the country. You do not want in the middle of a residential area a "fella" parking a big truck in the road off-loading goods and neighbours having heck. This is what you open the door to. If you allow the stamp duty back door to legitimize change of use, you would be in trouble.

If I could have had my property in Woodbrook changed around so several years ago, I would have done it because it would have been legal. You do not break the law when it is not against the law. Listen everybody who is hearing, pay your stamp duty fast. You do not want to do that. You want to stop that from happening. Look at that aspect of the proposals and make it a part of the amendment that subject to prior approval or validating approval by the Town and Country Planning Division. If you do not put that there, then the stamp duty clerk who establishes the value you have to pay by way of penalty decides that you can have a legitimate change of use through the back door.

I have covered the motor vehicle and land aspects. One thing I believe that the Government wants to accomplish is to appear to be the caring Government that it has been saying that it is. There is the reason the pension increases are being propagated. If you do not increase the qualifying ceiling that we have been recommending you would be disadvantaging much of the population. A very important issue is that the Minister in the Ministry of Finance reassured us that this is not a grant with which you can fiddle. You have to come for parliamentary approval to change the levels. I do not know if he realized what he said there. The reality is that while you have to come for parliamentary approval to change the formality of official sanction, the Government is fiddling with the figures at every given time. You do not have to change the grant figure to reduce it from \$800 to \$100 by using your qualifying ceiling.

5.30 p.m.

It is my view that most of the pensioners received "inappropriate amounts" recently, and the Government made an announcement that many of them have been receiving inflated amounts for a long time, the implication being that they have to pay it back. The Minister who made the comment—I do not remember who it was—said that the correct amount will be paid to them. He did not say they

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will get an increased amount. Our senior citizens who enjoy this grant, will have to repay the money paid to them improperly above the qualifying figure that had been established.

The interesting thing is that we have been told that the grant is not a pension; that the grant is a grant and is within the discretion of the Government, although the Government undertakes, sanctimoniously, not to fiddle with it, which they have been doing anyhow, because they have been changing the figures as they want.

[MR. PRESIDENT *in the Chair*]

It is ironic that, in the explanatory notes at the beginning of the Bill—let me read this:

“Clause 8 of the Bill would amend the Senior Citizens' Grant Act, Chap. 32:03 by adjusting the income ceilings under the Act and increasing the pension granted from one thousand, six hundred and fifty dollars...”

They know that the Senior Citizens Grant is a pension, but they do not want to make it an entitlement; they want to make it a discretionary grant. They are saying that it is not discretionary, without parliamentary approval, and yet it is discretionary by your entitlement depending upon your income otherwise, which you have earned by the sweat and tears of your years of service.

A man worked for 30 and 40 years and has earned what he has by way of pension and now he is not considered a senior citizen deserving; he is considered an ex-worker who has got what he has earned and has nothing to get from the State because he is not technically deserving. He is excluded from being a senior citizen, so he is neither senior, although he is old, and he is not a citizen, although he was born here.

The Government recognizes that the Senior Citizens Grant is a pension, yet they want to eat their cake and have it. They want to keep this thing under control in such a way that they do not bring relief to the people to whom they need to bring relief. When the Minister says that we should create an environment to bring up our children, what kind of environment do we have when we had 550 murders last year and we already have about 30 murders this year?

Sen. Prof. Deosaran made the point that you have to look at these things from a social aspect. Many of the fiscal measures that they are taking seem to generate crime. I have shown how the motor vehicle tax will in fact catalyse car stealing. We are taking measures and we do realize the consequences that will be generated.

It is my observation that when we have things like the Unemployment Relief Programme (URP) and the Community-based Environmental Protection and Enhancement Programme (CEPEP) and we give contracts to community elders and seniors and they end up with \$3 million and \$4 million in their bank accounts, when they are rubbed out by their competing colleagues, these are fiscal measures, just as pensions are fiscal measures, and they only stimulate the crime wave development that is engulfing the country, about which the Government seems powerless to do anything.

Old people nowadays have very little to live for. When a gentleman reaches old age nowadays, he does not want to stick around. He prefers to die in peace than to get mashed up in pieces. Right now, the result of the fiscal measures seems to be in direct correlation. The more money the Government spends, the more crime there seems to be generated.

This Government likes to spend when it has money because if you have the money, why not spend it. Now that we do not have the money, we are going to go into deficit spending and borrow. One of the things that the Government is relying on is an upswing in the price of oil. As someone mentioned today, Mr. Obama intends to have 100,000 electric cars on the road. Gasoline is an endangered commodity. Soon we will only need gasoline to run tanks, airplanes and military craft.

There is a programme now to tap solar energy, wind energy; all kinds of different energies and we are basing our restricted citizens' grant and pensions on the fallacy of income from foreign exchange. I have said here several times that the two are not related. You have the means to pay your pensions and wages.

Mr. President: The hon. Senator's 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.

Sen. M. F. Rahman: Thank you, colleagues. There is a saying that it is a wise man who benefits from the experience of others: it is the fool who cannot benefit from his own experience. That is a quotation: I am not suggesting that anybody here is a fool.

In 1986, the announcements were that the Treasury was empty. In 2009—we are in denial—the Treasury is not empty; we have a lot in the Heritage and Stabilisation Fund; we have a lot of foreign reserves, but our total debt is not far removed from our total savings. When a business has to present its balance sheet

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to the bank, it has to put in its assets and liabilities and the net assets are tucked away in a little corner to show how much money the business is worth, whether the share value will increase or decrease.

Fortunately for us as a nation, we have resources and if we had an assets and liabilities spreadsheet, we would have tons of assets, not the least of which is the human population I mentioned earlier as our greatest asset. So, on a balance sheet situation, Trinidad and Tobago is still on top, but in a cash flow situation, we are in serious danger. If we do deficit spending and borrow against the hope of future earnings, we may well end up like some of those Third World countries that had to seek debt forgiveness to be able to extricate themselves from the horrendous abyss in which they had fallen.

All I am saying here colleagues is that you really have to look at your fiscal policies, not only with regard to the pensions we are “chinksing” here and there, but you can make life much easier for the average citizen. I disagree with my colleague, Sen. Prof. Deosaran, who made a point today that I consider—I want to use good language because I think he is my good friend and I do not want to offend him in any way—he has a perspective on what he believes are handouts to people in need.

When you are bringing up children, you give them food, shelter, clothes and pocket money. You do not give them too much money so that they buy drugs. You give them just enough so that they do not steal from their schoolmates. He made reference to the idea of the implications of these social benefits that tend to have a deleterious effect on the national psyche and individual development. This is something with which we have to be careful. The Government has all these other benefits like disability—one of the Ministers recently was itemizing the different benefits. They do not give a decent, dignified sum by which you can pay all expenses, they make you come back for food, a little stipend; shelter, a little handout here; you have a child who is retarded, a little handout there. This, to me, is a degrading way to treat citizens.

We have adults who can manage their affairs. People should be given the dignity of a decent subsistence so that they can meet their expenses. I am talking about the rung of people who never worked officially and who are getting the Senior Citizens Grant. The reality is that there is a crying need to review the ceiling to raise the status and dignity of the people. If you want to have audits or surveys of how the recipients are spending their money, we can have that. We can have a sense of responsibility forced upon the people.

When we tell people, as Sen. Mark has pointed out, to save and they have no money to live on far more to save, and at the same time the example of the Government is spend and spend and if you do not have the money, borrow and spend, and one day you will get money to pay back the money, you are blowing hot and cold; you are using double standards. As my good book says: “Why do you say that which you do not do? Odious it is in the sight of God, you say that which you do not do.” Do not tell people to do what you are exemplifying in the opposite direction.

I believe that I have pointed out a lot of the aspects of this “innocuous document” that we have been given here, which has already had pre-approval, by its very nature, to go through as law. What I have said today impacts upon governance—the relationship of the Government to the people it governs and who have put them there—and it has social implications insofar as what you are fostering with the policies you are propagating. Even after we have long gone from here this evening, I would love to think that some thought is put to the points and issues that I have raised so that the Government may adjust the next Bill. The next Bill that you bring, look at the aspects, the ramifications, the fallout, the effect it will have on the measures that you are proposing.

I thank everyone for the attention paid this afternoon.

The Minister of Trade and Industry and Minister in the Office of the Prime Minister (Sen. The Hon. Dr. Lenny Saith): Thank you, Mr. President. I rise to make a very brief intervention in the debate, specifically to answer the point raised by Sen. Mark in respect of French fries and corned beef.

As usual, Sen. Mark gets a little bit of information, puts his own spin on it, and lets us have his version of the truth. The reality is as follows. Let me first of all deal with French fries.

5.45 p.m.

Over the years, because French fries is used in the food industry whether it is KFC, Royal Castle, restaurants, a number of areas where French fries are used and also the housewife, the Government has, on a regular basis, been reducing the CET on French fries. On the last occasion, the Government took a decision, in consonance with what had been before, to reduce the CET from 20 per cent to 5 per cent. It is all in the context of the food situation, the cost of food and the fact that, as I have said, the restaurant business and food production business requires that input. The more you can keep the cost of import low, the more likely it is the end product would be low. The Government has taken a decision to continue and to reduce the CET from 20 per cent to 5 per cent.

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Because it is a CET, the next step is to go to the Caricom Secretariat/COTED to get the approval of COTED, where other countries can object if they wish, to give you permission. In the case of the French fries, the situation is that it is now before COTED. When COTED accepts that it should be done, then it would be made law.

With respect to corned beef, the Government recently took a decision to remove the CET, which is at 5 per cent to zero per cent. We went to COTED and we got approval from COTED for the reduction to 0 per cent. The order is now with the CPC for preparation. As soon as the order is prepared and laid, corned beef will have zero per cent CET attached to it. That, basically, is the situation of French fries and corned beef.

Sen. Mark: Senator, may I?

Mr. President: You have had your chance.

Sen. Subhas Ramkhelawan: Thank you, Mr. President, for giving me the opportunity to speak on this particular Bill. The Bill, essentially, seeks to formalize decisions made at the national budget sometime ago, with regard to pension adjustment; some upward adjustment in the State sector; motor vehicle taxes and taxes on property/stamp duty on mortgages.

Since that period from the budget, citizens have been extremely concerned about the extent of deterioration of the revenue flows that are available to the Government and the national community. They have seen two adjustments to the revenue flows, one on November 30 and one just very recently. Citizens are asking: Where will this all end? Are we budgeting or are we making the adjustments in our finances as quick a clip as developments are taking place overall; developments that are impacting us in terms of international developments?

I want to address this Bill in the context of adjustments to revenues, as well as possible necessary adjustments to expenditure as we go along, while this might be the lesser of the apostles, in terms of income generation, because the motor vehicle tax adjustments, I believe, was intended to generate \$525 million. These expenditures, in terms of the public sector pension adjustments, should not generate much in terms of a percentage of income or revenues. The massive component of 45 per cent of the economy and upwards of 45 per cent of fiscal revenues comes from that vital sector, which is energy. It comes directly from that sector. It does have a very significant spinoff effect across the system, not only on what the direct impact would be on Government's fiscal revenues and expenditure. Any lessening of Government's revenues and corresponding

adjustments in expenditure really creates a spiral, a reverse multiplier, if you will, in the economy, because it affects corporate taxes in the private sector and the tax take in the petrochemical sector, which is not counted as energy revenue, but is very significant.

When you think of methanol and ammonia prices during the last year, falling from highs of \$800 per tonne to as low, in one case, of \$100 per metric ton, the situation is one of serious concern. The question really is: Have we incorporated these benefits and more so cost, in terms of the adjustments that we are making to the fiscal revenues and expenditure, and by extension, what is going to be the spinoff effect on the economy? These are the concerns that citizens have, even as this Bill comes to the floor of the Senate. These concerns are coming from citizens who have access to Bloomberg, BBC and other forms of international television and communication. What are our citizens seeing?

A second stimulus by the United States Government of over \$800 billion, which is about 7 per cent of the US economy, put in perspective, is on top of a \$750 billion stimulus. Overall you are talking about 14 per cent or 15 per cent fiscal stimulus to the United States economy; an injection of capital from the Government. In our case, what you are seeing is a falloff in revenues and also a fall-off in expenditure in our own system and this would have tremendous ramifications.

In the United Kingdom, just only yesterday Prime Minister Brown—no, it is not a Freudian slip, I have not elevated our Minister in the Ministry of Finance to any Prime Minister status—of the United Kingdom has recently announced a second stimulus into the system, not only to shore up the economy, but in particular to shore up some of the banks that are about or are expected to be in failing mood without that stimulus. With the same story all around—in Asia we see that for the Asian countries over \$200 billion being made available as a currency stabilizer for that region.

Coming home, and this is where citizens are concerned, we have now made another adjustment to fiscal revenues, based on an oil price of US \$45 per barrel. We have made an adjustment to gas, based on a price of \$3.25. But while we did that on January 14, today we have based our price on US \$45 and oil is now US \$35 or below. I am advised that for every \$1 dollar adjustment in oil price, the TT dollar impact on our revenues is \$100 million.

For a long time the gas take in the budget had remained very, very opaque. What we have been seeing, based on the recent pronouncements, is that we are getting some better disclosure with less opacity, as far as what is the take, in terms

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of gas to the system. Now, most experts outside of the Government have come to the conclusion that when Henry Hub is \$7.66 you have a take of about 50 to 55 per cent and that is why we could have based, in the original budget, our gas revenues at \$4. That was September 22, but now gas prices have fallen to below \$5. I believe the figure that I last saw sometime today was \$4.80. That being the case, if we were to use the simplistic Arithmetic—I stand to be corrected by the hon. Minister of Energy and Energy Industries and the Minister in the Ministry of Finance—using 50 per cent, that means our take, in terms of gas, would be somewhere in the vicinity of \$2.40 or \$2.50, as far as our fiscal revenues are concerned. But, as at January 14, the natural gas estimate used was \$3.25. What does it all mean? It means that in oil we could, if we were to take today's spot prices for our budget, we would be short by \$10, which would translate into TT \$1 billion, in terms of adjustments to our revenues.

Further on the gas side, what we know and what has been advised to us is that for every US \$0.25, we lose \$750 million. Loosely translated, this means that for every \$0.01 adjustment, in terms of our gas price from the \$3.25 to the \$2.40, if we had to revise our budget, we would be losing approximately TT \$30 million. Therefore, we would be losing upwards or approximately \$1.8 billion if we were to take today's spot prices. This is not to create any discomfort in our national community. This is to create transparency, because very often I feel concerned that we behave as though we are a colonial society trying to cloak, hide and camouflage some of the issues, rather than put them very directly and not succinctly to our national community, so that they can be informed and make judicious decisions on what is happening, what could happen and what the impact could be to their own personal financial circumstances. That is critical, because the situation is very fluid and is changing very, very rapidly as we go along.

Sen. Enill: Mr. President, I thank the Senator for giving way. What you have said, up until now, is correct, insofar as the academic and theoretical discussion is concerned. What happens on the commercial side is that it does not work quite that way.

In the commercial side what happens is that Henry Hub is not the only market. There are three other markets. All of those have different relationships between the moving price of oil and gas and their relationships. In short, therefore, wherever there is a price reduction in one market, the commercial arrangements are such that you have the ability to move to higher priced markets. In those circumstances, the adjustment that is academically calculated, while it is academically correct, commercially is not so. For example, in 2005, 69.4 per cent

of our gas went to the United States market. By the end of 2008, 39 per cent went, with the rest going into higher end markets. While you have a compression in prices, based on the formula that you have discussed at the well head, there is a premium that the Government can get on the basis of going into other markets that tends to give you a price that is not basically academic. I thought I would complete that for you. Thank you.

6.00 p.m.

Sen. S. Ramkhelawan: Mr. President, through you, I thank the hon. Minister of Energy and Energy Industries for that clarification for the citizens of this country, so that they may use that in their own recalculation and adjustment to what is their position.

As the hon. Minister would know, I am not an academic, I am a pragmatist. I am neither an optimist nor a pessimist. The relationships appear to hold, and I am very hopeful, like every other national, that your position is correct and that we will do much better than what some of the figures show. It would be helpful. As a pragmatist, I always plan for the downside, because anything above that is gravy in a business. You always plan for the nadir; the low watermark, rather than the high watermark. That has been my plan. My role is simply to raise some issues with the Government and to highlight certain issues for the national community.

If we are to take these figures into context, we are going to find ourselves in a gap which I believe, as it stands now, is \$1.7 billion. If we were to take these other factors into consideration, there would be another \$2.7-odd billion which by my calculations would be about \$4.4 billion. This would be equivalent to 10 per cent of the actual expenditure for last year. This is a very significant amount, because the actual expenditure last year, if my memory serves me right, was close to about \$44 billion where some \$6 billion was hived off as savings into the Heritage and Stabilisation Fund, and some other component went into the Infrastructure Fund. Mr. President, 10 per cent fall-off in expenditure is a huge and damaging factor for the economy. That is the point that I want to make. It is huge and it is damaging. Once we get below that marker of expenditure for last year, it means that the Government is spending so much less than it did last year, and it will have economic effects in terms of the spin-off effects in the economy.

When we are at \$44 billion, it means that we have cut our budget to similar levels as last year. When we are 10 per cent below that, it means that we are reducing the amount of expenditure in the economy and it will have impacts.

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Now, lest it be construed that I am an alarmist, let me make it clear that we are all in this together. When we feel pain, we all feel pain as a community. When we have largesse, we all benefit from the largesse of the community. My role is not to be an alarmist, but to paint as pragmatic a picture as possible, and to suggest some avenues and make some recommendations for consideration by the Government in managing our affairs, and that is the road that I am actually travelling.

So, the fall-off in direct revenues of the Government is, as we are told, in this first tranche of \$1.7 billion, to be financed through deficit financing. I am concerned that the first port of call is, in fact, deficit financing. I am concerned that this is not the most efficient and effective approach to addressing the financing gap that we are going to see, because of greater concern is that the financing gap is actually widening from the \$1.7 billion. Whether the hon. Minister of Energy and Energy Industries' figures turn out to be correct, the fact is that the \$1.7 billion gap is going to widen. The extent to which it is going to be widened will depend on whether we get higher prices in Europe and so forth, but it is going to widen and, therefore, we have to plan for the downside in this kind of scenario.

Now, because of this multiplier effect—apart from the direct impact—there is going to be other impact on the economy. We are talking about corporate taxes from the petrochemical sector; we are talking about VAT; and we are talking about individual taxes and so on. So, whatever we do, we find ourselves in a difficult position.

Over time, the Government has pursued—I believe at least over the last four or five years—a policy of a balanced budget and hiving off surpluses into the Heritage and Stabilisation Fund. I believe this is the first time since 2001 or thereabout that we would be considering deficit financing as a nation and, therefore, it needs some further discussion.

We are now seeing—apart from the fiscal situation and this move toward deficit financing—some changes on the monetary side in terms of liquidity and in terms of where we are going to go in terms of interest rates and so on.

Sen. Mark talked about interest rates going up, but I beg to differ. I believe that with the adjustment overall internationally to commodity prices for steel, ammonia, methanol and, in particular, our food situation, inflation is actually going to come down and, as a result, the Central Bank will be able to adjust—in the context of achieving price stability—our policy rates downward so that interest rates would generally come down. Would it come down to the 7 per cent

or 8 per cent that the Central Bank has projected? Would it come to the level that the IMF has projected for Trinidad and Tobago for 2009 which was a figure of 10 per cent? I believe that the IMF made these projections sometime and announced in October 2008—I do not think that the oil price projected at that time was as low as \$35 a barrel for oil. I am therefore inclined to believe that we are going to see inflation come down to probably 7 per cent or less in line with some of the statements made by Government Ministers. That would allow interest rates to come down as well.

If the Government were to pursue deficit financing, it might be able to pursue it in an environment—whereas the last set of bond financing was at 8¼ per cent, we might be able to see those rates remaining at that level, because there is going to be some demand on the Government side or possibly at a slightly lower level.

If that is the case, deficit financing will still be at an extremely high cost relative to the other alternatives that may be available to us. By that I mean, since the turn of the century, whatever the name was in its previous incarnation, we have set up a Heritage and Stabilisation Fund. That fund, to the credit of the Government and oil prices, would have grown to a level over and beyond what would have been projected for the year 2010.

When I looked at the Vision 2020 document, the target for 2010 based on oil and energy projections at the time was \$2 billion. The Heritage and Stabilisation Fund now stands at \$2.88 billion which by my wild calculation would be about TT \$18.2 billion.

Now, I ask the question and the national community has been asking the question: Is deficit financing better or is drawing from our Heritage and Stabilisation Fund better? I can only put it to the national community that if you were to raise financing in TT dollars based on the last bond issue of \$1 billion and over, you were borrowing at 8¼ per cent. If you compare that with what we are receiving on the Heritage and Stabilisation Fund, we are receiving interest of 1 per cent, because the funds are invested on a short term. It makes sense to invest on a short term because of the absolute chaos that is taking place around the world.

Again, my simple arithmetic and academics say to me that we would be actually shelling out something like about 6 per cent or 7 per cent more in deficit financing at this point in time than we are actually earning on the Heritage and Stabilisation Fund. Some citizens are saying why should we even bother to use the Heritage and Stabilisation Fund, and the answer is the reason for us having a Heritage and Stabilisation Fund or a sovereign well fund was in preparation for a very rainy day. Could the days be more rainy than they are now?

Hon. Senators: Yes.

Sen. S. Ramkhelawan: If it could be, by law, we could only draw 25 per cent of the Heritage and Stabilisation Fund when petroleum revenues fall below certain budgeted levels. We can only draw 25 per cent of the fund in any one year which means we would utilize the fund over a very extended period of four years, and still keep our powder dry, particularly if we were to consider deficit financing internationally, which does not make a lot of sense because of the credit debacle at this point in time. We would be paying through our noses despite the fact that we were rated “A” by Standard and Poor’s.

So, I put it to the consideration of the Government that it should consider that it is a more costly situation to borrow. Although today our debt to GDP might be 28 per cent, if the situation continues, it might make more sense if even you do not want to go all the way in Heritage and Stabilisation Fund to pursue a judicious mix so that the weighted average cost in terms of deficit financing in the local system and drawing on the Heritage and Stabilisation Fund would reduce interest costs and recurrent expenses.

We have to also think in terms that we have not adjusted expenditures at the same rate as revenues have been falling, hence the reason for the financing gap. A discussion has been going on in the national community as to whether we should adjust expenditure at this point in time and not have deficit financing.

I am sure there are various points of views as far as that is concerned, but I support the position that we should maintain the level of expenditure rather than adjusting the level of expenditure very significantly.

6.15 p.m.

Because the level of expenditure in the corporate sector is going to fall away and the level of expenditure in the consumer sector, the individual sector is going to fall away, we will need at the level of the public sector to maintain a level of expenditure that does not fall too drastically, and possibly throw us into a situation where with the current projections of economic growth—IMF projections were about 4.6 per cent for 2009, and the Central Bank's position based, I think, on an oil price of closer to \$45 was about 2 to 3 per cent. So, if oil prices get to 35 and you have that multiplying effect in the system, you could have a situation where 2 per cent could be 1 per cent and 1 per cent is the same as zero per cent in economics, because 1 per cent is really a way of dressing up possible growth.

Sen. Prof. Deosaran: Thank you very much. I am enjoying the discourse and I think you have hit a very vital point, and I must thank you for giving way, but if you are saying to maintain current public expenditure and do not go to deficit spending, I do not see how the two can go hand in hand. If you had public expenditure, given present circumstances, you would really have to lean or veer towards deficit spending.

Sen. S. Ramkhelawan: Not necessarily, because our Heritage and Stabilisation Fund is about \$18 billion, and if you were to draw 25 per cent from the Heritage and Stabilisation Fund—the limit for any one year—that would be about \$4.5 billion. If you start to get beyond that you have to look at other measures, but from what we are told, right now we are talking about \$1.7 billion, and based on the figures that I have added, based on spot prices, you could get to about \$4.4 billion. [*Interruption*] Yes, I am making some projections on the downside. I am saying the opportunity cost of drawing on our sovereign well fund might be 1 per cent. I think the hon. Minister in the Ministry of Finance has suggested it is a higher figure; 2.6?

Sen. Browne: 3.6.

Sen. S. Ramkhelawan: 3.6, but there is a difference in terms of the opportunity cost, 8¼ versus 3.6. So, it makes sense to consider some of these adjustments.

Just to reiterate, I support the continued level of expenditure because the corporate side is falling away, steel plants are closing, methanol plants and ammonia plants have had extended periods of shutdown for maintenance, and I have not seen many of them reopen at the usual pace that we would expect. Jobs are being lost in the petrochemical sector; jobs are being lost in the oil sector. I think that the Government is on the right path.

The real question though is, is our expenditure being put to very sharply productive use? That is the question. I believe on the Government side there has been a discussion of increasing productivity even in these times. How do we increase productivity? At the end of the day, there are certain things that we must do now; we need to probably redirect some of our labour into agriculture. I have never been a supporter of the CEPEP programmes, where our citizens cut the same grass every other week, or paint the same stone every other month. It does not seem to be a highly productive endeavour.

We are aware that we need to have a strong supportive welfare system, but it must be a system where people are graduated; where people are trained; where

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they can be more productive. If it is that we were building pavements and fixing the infrastructure as other countries are considering at this point in time, as a way to kick start, we need to redirect from these non-productive activities and underemployment areas into more employment.

In particular to the question of agriculture. Agriculture is less than 1 per cent of our GDP.

Mr. President: Senator, we have a procedural motion.

PROCEDURAL MOTION

The Minister of Energy and Energy Industries (Sen. The Hon. Conrad Enill): Mr. President, in accordance with Standing Order 9(8), I beg to move that the Senate continue to sit until the conclusion of the matter before us.

Question put and agreed to.

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Sen. S. Ramkhelawan: Thank you, Mr. President. I was speaking to agriculture. In most countries, even the most developed countries, agriculture is 3 per cent of GDP. In China, 8 per cent or 10 per cent; in India, 10 per cent; United States, 3 per cent to 4 per cent; United Kingdom, 3 per cent to 4 per cent. Why should we be 1 per cent, when we have underemployed resources?

Now is the time to redirect into productivity. There are other areas of productivity that we need to have a close look at as well. We are creating and spinning off what I will call expenditure generating state enterprises without any concomitant revenues. We have a public sector and public service and we have a mirror image in certain areas, whether it be construction, education, construction for schools, and so on.

This is something, we either take one or the other, tighten our resources and make them more productive. Even today, the hon. Minister in the Ministry of Finance tabled the result, the audited accounts for the Caribbean New Media Group Limited, a company, which in 2006 lost \$20 million. Recently reconstituted, lost \$20 million after being recently reconstituted and recapitalized.

What was most surprising, Mr. President, from 2006 to 2007, the company turned from a loss position of \$20.6 million to \$753,000. I found it passing strange, because the operating revenue levels really did not go up that much. How

could a company move from being in the red to such a great extent, to being in the black by a small amount? I looked at it and saw in 2007, recurring operating grant, \$18.7 million, and quickly I turn to the notes to find out—

Mr. President: With all due respect, there is a committee that examines all of these financial statements, and those accounts are not before the Senate at this moment. I will ask you therefore, to revert to your discussions of the Bill and to leave that to the committee that is supposed to deal with it.

Sen. S. Ramkhelawan: With respect, Mr. President, I was really speaking to the matter of productivity rather than the whole question of auditing and so on. I was just saying that is a recurrent grant in there to make the thing look from a loss position into a profitable position. The point I want to make to the Government is that this is a non-strategic investment, why prop it up; get out of it. Let us get into areas of productivity rather than a recurrent grant of \$18 million and a capital grant release of \$6 million.

That was the point I was making with respect, Mr. President, that we have to concentrate on utilizing our resources and directing our resources to productive purposes.

Sen. Enill: Mr. President, I thank the Senator for giving way. Everything that you said, through you, Mr. President is correct, but what I did not hear is a role for the private sector. In the discussions, it seems to me that the entire burden is placed on the Government, not as a facilitator now, but as a direct player. I just wondered if you could perhaps share with us, before you close, the role of the private sector in this particular environment.

Sen. S. Ramkhelawan: I do not know that that is an area that ought to have been covered under the Bill, and I would not want the President to redirect me. *[Laughter]* If I am allowed some latitude, I would say that the role of all aspects are critical, but because of the overarching cover of Government fiscal expenditure in the system, which is significant and more significant than other jurisdictions in the entire Caribbean, that once Government's expenditure falls it is going to have a ripple effect.

I was recently told of a couple of very small organizations that are in fact, adjusting salaries for their staff; that are in fact, sending people home. It would not hit the radar screen very quickly; you will only see the large petrochemical companies and so on.

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So, the role for the private sector is to become more productive, and I think in the private sector you are not going to have a recurrent operating grant of \$18 million from anybody. It is either they make money or they cut cost and they make adjustments. I am saying that we should maintain a high level of expenditure. It is in some ways not equivalent to, but similar to a stimulus package that is taking place across the world by the various governments.

In conclusion, I think that we owe it to ourselves and the national community to do, I would say, some more scenario planning so that we could better manage the downside as it comes. As a nation, we could quickly lose confidence if every month or every other month we get a revisiting of the budget and spiralling downward adjustments. You know that confidence is also a very important part of an economy and its robustness, and if confidence falls away then it is going to have an impact on the economy. You are going to have people possibly moving their moneys to other places, converting to US dollars and so on.

In terms of the financing of the gap, I have made the point, which I want to reiterate, that I think we might want to look much more closely at drawing on our rainy day fund, maybe in conjunction with a lower level of deficit financing if that requirement comes to the fore and we do have a larger deficit to finance. I believe that it makes sense not to go out into the international market for debt financing at this point in time. I think it is important that we keep our powder dry, because if this situation goes beyond one year or two years, we want to still have, as the credit markets internationally are now starting to un-phase and the expectation is towards the end of the year, we will get better boring cost and price discovery that it makes sense to pursue an approach that avoids international debt financing at this point in time, to mitigate local debt financing at this point in time, and to draw more significantly on the Heritage and Stabilisation Fund.

These areas in the Bill are, whether it be motor vehicle taxes, stamp duty on mortgages, and the adjustment to pensions, the least of the apostles and we really have to concentrate on the greater of the apostles in order that we manage ourselves through these very trying and difficult times for the Government and for the country at large.

I thank you, Mr. President.

6.30 p.m.

The Minister of Energy and Energy Industries (Sen. The Hon. Conrad Enill): Thank you, Mr. President. I join the debate to make a very small intervention and it is really based on some of the contributions that have been

made, and possibly some of the impressions that may have been created inadvertently, based on either a misunderstanding of Government's policy or a deliberate attempt at change in policy not clearly understood.

In the first case, the Government's position continues to be that it has set for itself a particular set of objectives within a particular time frame and what it seeks to do on the basis of available revenue, is either to achieve those results before a particular date or by a particular date. The circumstances as we see it now suggest to us that in pursuit of that particular objective it may very well be that the objective will be met later rather than earlier. But it is the Government's view that the objective that it has set for itself must be met, because what that seeks to do very simply is to improve the quality of lives for all our citizens.

Just to make a few comments, beginning of course with the Senior Citizens Grant. I think that there needs to be some understanding of the difference between old age pension or the Senior Citizens Grant and pension as a right of entitlement based on employment. The Government has 82,417 employees and over the years successive governments have not been able to grapple with what should really be an individual's decision and right of participation in determining how he wishes to receive income at retirement. In other words, in other jurisdictions in other sectors within the society, as an individual, as an employee, I contribute to my future retirement benefit, and I do so in one or two ways; either on the basis of a defined benefit which I fund or on the basis of a defined contribution which buys me what that future benefit will be.

Therefore, in the case where you have an obligation to an employee, as we are finding out now, there are two methods by which you can discharge that obligation; one is by the pay-as-you-go method which simply means that you fund it out of your current expenditure as you go along, or the other way is by the mechanism of what we call the annuity method, which is basically where you set up a set of assets and the investment on those assets gives you an income level that continues that could create that.

The Government believes that the time had come for it to deal with the question of its employees and their pension rights and pension benefits. One needed to make a distinction between that responsibility and that commitment and an activity in which the State, in looking at disadvantaged individuals who were of ages beyond 60, they should make a contribution to them. Therefore, to give the impression that there is somehow some agenda that the Government has as it relates to its senior citizens is not correct. But you see, we have to be minded by what those who speak to us say to us.

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It was in this very place, at a debate in 2007, where a Member on this side indicated then—and I would wish to simply say that the Government is not abolishing pensions or payments to old age pensioners. This particular debate came up before and it was very clearly indicated that that was not the case. But, you know, Sen. Wade Mark, in his contribution said exactly what he said on that occasion. This is what he said. He said the Government said that it would not change its name to a senior citizens grant which is a more accurate term for the payments being made, and he was referring to a statement made by Sen. The Hon. Dr. Lenny Saith. He went on to say that those persons who are now getting pensions would continue to do so. Sen. Mark said this was a mistruth on the part of Sen. The Hon. Dr. Lenny Saith, he misled you and he misled the 80,000 to 100,000 senior citizens in this country. He therefore acknowledged—Sen. Mark, that is—that the Senior Citizens Grant was in fact something that was affecting 100,000 senior citizens at least.

What the Government was seeking to do on that particular occasion was to increase this grant to senior citizens. But do you know what was, to me, very useful to note, that when the Government proposed this particular Bill and when the Government proposed that this Bill should be considered, and when the vote was taken, Sen. Mark voted against giving a benefit to 100,000 senior citizens. And therefore, I would have thought that if he was so concerned about that which he speaks, having indicated his point on the matter, I would have thought that he would have supported the measure, because what the measure sought to do was simply to give more to this category of citizens. Therefore, as the other speakers said, Sen. Mark sometimes, in making his contributions, does not in fact represent correctly what the truth is. So that when Sen. Mark comes to us and says all that he says, the only comment I would make on his contribution is that he was wrong then and he is wrong now.

Mr. President, we do not pronounce as a Government on matters in which we are involved. The management of the economy is something that external agencies pronounce on. The external agencies that we talk about are agencies like the International Monetary Fund and the World Bank whose business it is to evaluate and look at, not only Trinidad and Tobago, but 180 countries around the world. When they do the analysis they publish it on their website so that any citizen, in any part of the world, can go and get an independent assessment of the state of the country's affairs. It is called an Article IV Consultation. Usually it is associated with countries that are in some difficulty.

Trinidad and Tobago has continued to have this assessment done despite the fact that we are in no difficulty whatsoever. We voluntarily agreed to have this analysis done, and not only do we have this analysis done, but we also make the information available to the public without any intervention on our part. And therefore, when they report on matters of the economy for which they are trained and for which they have an independent view, we simply bring it to the attention of the general public so that they can in fact benefit from that information.

In talking about this Bill and some of the comments made, I wish to refer to the 2003 budget memorandum by PricewaterhouseCoopers and to simply quote one element of what they have said at page 4. They said—the 2002/2003 budget presentation included among other things the following—and I want us to remember 2003 because at 2003 this is what the situation was: Current revenue, \$15 billion; capital receipts, \$361 million; oil price projection, US \$22 per barrel; settlement of arrears to public servants, \$600 million; overall deficit of \$623 million. So that within our frame of reference, there was a year in which there was deficit spending. But the rule is that once your deficit is not more than 1.6 per cent of GDP it makes absolutely no difference to your macro economic fundamentals. That is the rule, and therefore in whatever we do—

Hon. Senator: [*Inaudible*]

Sen. The Hon. C. Enill: But that is not the case. That is not the case! It could be but it is not, and therefore we plan on the basis of the best case—[*Interruption*] No, we do a best case—[*Inaudible*]—we do a worst case, we do a most likely case and we are able on the basis of information that comes to our attention, to determine exactly what action is required.

The Government is not without tools to control its expenditure. It has the ability, for example, for the Minister of Finance to take action to reduce expenditure on loans—

Sen. Rahman: Did they ever do it?

Sen. The Hon. C. Enill:—and in those circumstances it means that if you have revenue shortfalls we can in fact decide that we will not fund certain levels of expenditure. But what the budget process does is that it allows those in our society who are affected by what the Government is involved in, to understand how to deal with their own programming, how to deal with their own companies, how to deal with their own levels of expenditure. And therefore, that is why the Government, from time to time, signals on an ongoing basis what is happening.

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Sen. Mark referred to an article in which it was quoted that there was a difference of view between myself, the Minister of Finance and the Prime Minister. One of the challenges that we face is that sometimes in trying to be accessible or in trying to be able to disseminate information, those who receive it do not understand it.

6.45 p.m.

The question that was asked of me, if I recall it, is whether or not I thought that the price that was used was appropriate. I said, as I have done on a number of occasions, that I am not prepared to answer that question, simply because I want to understand where we are at the end of February. That allows me to understand what the trend is, given the fact that the first quarter results would not have been affected by some of the issues because that would have been receipts prior to the event, and therefore, I would like to see what the receipts are for the first quarter or the second quarter. This will give us some indication of the trend and it is at that point in time, we would be in a position to determine whether there are going to be further deteriorations or not.

In those circumstances, as far as I am concerned, whatever adjustments you make, would not be anything except interim. It will have to be based on trend information and that is still the case. It is still the case because what we have to look at is how the economies in which we are involved, the countries in which we trade, respond to the stimuli that their governments are putting into their systems and how that is impacting on us, and whether or not there are measures that we need to take in order to deal with our own circumstances.

While that is happening, we are not standing idly by. We have contracts with certain producers and they have said to us that in order for them to maximize revenue there is a requirement to do A or B or C. We are actively involved in that discussion because we recognize that all the discussions that we have had, have to do with the fact, that in order to achieve the developmental programme of the Government, a certain level of revenue is required, and in order to achieve the revenue, you need to ensure that business is operating and that we are in fact creating activity.

There is a view expressed by some commentators, some here, that the only benefit given to a senior citizen is the Senior Citizens Grant. That is not so. Mr. President, it was this Government that determined, and it was the former Minister of Finance who said that the only reason that he wished to be the Minister of Finance, was to ensure that the social services or the social sector got a better deal than they got in previous administrations.

He had that view because sometimes organizations like the IMF and the World Bank try to get you to put much of your resources into productive capability as some commentators say, and put a very small value on social issues within your country. So for example, you will hear IMF saying to you that subsidy is a bad thing. And when we sought to adjust the price of gasoline; we wanted to ensure that the transportation subsector of the country was not affected by higher prices because of the flow through between prices and inflation, what we hear is that we are discriminating against the middle class. How could that be so?

The fact of the matter is that, the issue of subsidy distorts to a very large extent a lot of the fundamentals. The study suggests that the price increases that we saw, came as a result of additional demands, but the additional demands in some instances were created as a result of countries subsidizing the activity. So you created a demand that was not real, and therefore, the minute that subsidy moved as it did in some instances, you got an opposite effect and you are paying the price for that in terms of how you manage the economy.

So much of what the Governments does and how the Government does it, is based on an understanding of how these dynamics relate and what is required to move large economies or large groups of people forward.

Mr. President, the matters that we have in this particular Bill that is before us, put into legislation the promises that were made in the last budget. These promises were, that we were going to increase the Senior Citizens Grant, and the way one has to look at the Senior Citizens Grant is in the context of income to an individual. If the individual has absolutely no income from any source at all, absolutely none, there are two ways that one can in fact interpret that. One can interpret that to say, that an individual has worked for 60 years and has taken absolutely no action to see about himself or herself, and therefore it is the responsibility of the State. One can say that, and that happens.

In many instances when it happens, the State has to intervene and the State does. But that is not the only obligation that the State has, because as individuals we make decisions, and on an ongoing basis, as to whether they are consumptions or savings. That is the big issue now. Therefore, when one makes a decision—the difficulty I have with some of the discussions is that when I make a choice that is appropriate to me, somebody is saying that is an inappropriate choice to me because I should receive a benefit notwithstanding the choice that I have made. I made a choice that I was going to go into consumption, I was not going to save anything. That is a choice I have made and the reason I have made that choice is

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because you gave me discretionary income. You gave me a great deal of money and you said to me, "Do what you want with it". I did that. Now I have done that and I have reached the stage where that was an inappropriate choice, you are saying to me now, what the Government needs to do is to support me in those circumstances. We saw that and what we did when we saw that, is that we intervened with the Central Bank and tried to provide financial literacy information to the population so that will not occur.

Mr. President, it is a very sad thing to have somebody come to see you; their last month of employment is next month; they have been paying a mortgage for the last 20 years; they still have a debt of \$200,000; they have absolutely no idea of what is happening and did not even read the contract to know what was in it, it is a sad state. We have that all the time. Therefore, the Government in understanding all of that sought to provide specific policy prescriptions to deal with the behaviour. So for example, if you look at the social intervention activity, you will see that for very specific problems, there are very specific solutions. The fact is that we have not done as good a job as we should have done in the implementation. That is a fact. And even when you try to change the mode, there are difficulties.

Sen. Dr. Charles: Thank you for giving way. Maybe there is a misunderstanding. If I understand the Minister, he is saying that he does not think that it is fair to criticize the Government for having to support those who did not take care of their future and they did not save and so on, so you have to support them. I do not think that is really the point. It is the reverse. The point that is being made a great deal from this side, is that one man does not prepare for his future, he has no money when he retires, so you give him the Senior Citizens Grant. Someone else makes some preparations and that person is penalized really because that person may have made some preparations and they can get \$1,500 or \$2,000 or whatever from some other source—house to rent or something—but you do not give them the grant, so you force them down to a lower level than they should be. That is really the point we are trying to understand, why Government takes the position that it will limit that person in that way, when that person actually made some preparations and catered for themselves to some extent

Sen. The Hon. C. Enill: I thank the Senator for putting it that way, so let me explain it this way. The limit that we have set for an individual who has contributed—for example, if the individual pays his national insurance, he gets a benefit of \$2,000 immediately. What the Government is saying is that if you get a

benefit from national insurance, what we would ensure is that up to a limit of \$2,800, you would get the difference. So the State will give you \$800. In circumstances where you have nothing, your maximum would be \$1,900, so that there is equity.

Sen. Dr. Nanan: Mr. Speaker, I thank the Minister for giving way. I do not know if you factored into the position—because of the inflationary trend for the last five years, these senior citizens have not been able to probably live on what they have been earning and they have gone to work to acquire a little more money. Now you are saying because of that little intervention where they are going to work, you are going to cut out the Senior Citizens Grant based on the ceiling that has been set.

Sen. The Hon. C. Enill: No, contrary to that, we are not saying that. What we are saying is this, that when the Government looks at its level of revenue, it has to make choices. One of the choices it is making is that between having to pay its own staff for pension benefits, and the Senior Citizens Grant, the Disability Grant, all of which have been increased for very specific purposes, there has to be a position in which the widest possible sets of individuals benefit.

Before this, what occurred is that you had a number and if the individual got \$1 more than that, he lost, and therefore, we felt that was not equitable. So by introducing the ceiling, it meant that whatever you had moving into that maximum, you would get the difference. So if you had \$2,001, you would get \$700; if you had \$2,000, you would get \$800. But we expected that \$2,800 would be a level that the Government would support you with in circumstances where you had contributed. That was the thinking at the time.

What happened with the Government employees was this. We found ourselves in a situation where a Government employee's pension, after working for 30, 40 years, pension was less than the old age pension and we felt that there was no way that that could continue. So we moved the maximum for the Government employee up to the same level as that of the old age pensioner, recognizing that it was only temporary because we were working on another exercise to determine Government's liability on the basis of a different set of arrangements for putting in place a pension plan for Government employees.

Now we took into account the NIS and the pension issues. We did some work on it and in doing the work on it, we found a liability of \$23 billion. At least now we know, because in the past what occurred is that the records of particular employees were incomplete and there was no mechanism for you to capture that.

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Over the last six years we did that. The IHRIS system allows us to do that now, so we know what the liability is now and Minister Browne is working with a group of actuaries to try and determine how we will fund that. In fact, I think that we have already made a decision on some elements of how we will do that.

What we are seeking to do really, is to give the employee at some point in time the choice to decide whether it will be 100 per cent of final salary, two-thirds whatever it is, you determine that. And on that basis, the same way we would all plan for retirement by looking at the inflation rate, by looking at the expected last salary, by looking at the level of income that you want to look at, by looking at how you retire your liabilities over time, in all of those exercises, many people make a lot of money in managing that. We are saying we want to bring the same thinking to Government employees because we have a view.

Mr. President, through you, I could tell you. After a budget debate one day, I went to address the (TTARP) Trinidad and Tobago Association of Retired Persons and I was there talking about pension issues and I saw an ex-employee of Government at a senior level, Comptroller of Customs if the truth be told, sitting down inside there trying to figure out how to stretch the pension that he got and that upset me.

7.00 p.m.

We cannot have employees who spend their entire life in the public service and then find yourself in a situation where you go to a retiree's organization where groups of people come together to try to stretch a dollar looking for something. This cannot happen and, therefore, there has to be a different arrangement where the Government if it wishes to reward its senior employees in a particular way it could do so.

Therefore, the pension arrangement that we have and the ones at which we are looking, although the Bill does not deal with the second part, it only deals with the first part, I think it is one way in which we are addressing a particular set of circumstances.

Sen. Prof. Deosaran made the point about salaries and performance. One of the challenges we face is that there is no way in this system that I can get performance. I make the point that we have 383 employees in a ministry whom I have responsibility for and I cannot find 161 of them, and there is no mechanism—

Let me give you an example. An employee came to see me one day saying that he was being discriminated against. When asked why, he says that he does not get pay on time. I say that does not make sense, what is the problem? So I

investigated him. I was told that the employee never works a full month so the Government has a very difficult process of collecting money from those whom you have given and, therefore, we wait to see how many days the employee will work and then pay him on the basis of that. Okay, so what happened between the periods January to June? On looking at the record I saw where the person was absent 62 days.

What was sad about that is that nobody cared and nothing happened and, of course, Ministers would tell me to intervene, but how many things you can intervene in? It is either you intervene in that or how you would close the gap on revenue. But there are some fundamental issues involved in this particular matter so there is that challenge to deal with.

The Permanent Secretaries also have a challenge. If they talk to you hard, the next day there is a letter coming to you from lawyers whom we shall not mention. So in many instances we also have the issue of our Permanent Secretaries having to have lawyers so they will know how to—Anyhow, we are not dealing with that, let me get back to the Bill.

Credit cards: Any senior citizen or anybody who has a credit card really should not be incurring 2 per cent per month additional expenditure. The credit card is a facility that allows you to get mileage if you want and you should pay it off before the deadline. Outside of that, all you are doing is really digging yourself into a debt hole that you cannot come out of, and I have seen too many people do it.

One of the things that happens is that the price of the interest cost is based on the risk, so that the higher the interest, the easier the card is to get and again that is a function of money and those issues. Therefore, we try to tell people if you have one credit card, pay it off before the deadline. Banks do not like that, they do not make any money on it, but that is the way to do it. So even as we look at these issues, there are things that individuals can do on their own to help them have more money available for savings. It is simply a matter of the choices that you make.

Mr. President, I take very strong objections to any Senator who is of the view that the Government is not serious about its statements about caring for people and I will tell you why. If one has to determine whether the Government is a caring Government or not, one has to look at the policies of the Government and how they impact the lives of people.

For example, when a Government by policy decides that it will ensure that citizens who cannot, because of income circumstances have an education which allows them to move from poverty into knowledge, then that policy is one about

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caring. When citizens do not have the ability to get a home and the Government by its policy decides that it will provide homes and subsidize infrastructure and interest so that an individual can in fact participate in what is available, that action is about caring. When a Government by policy decides that if you have reached a situation where you cannot purchase medicine to improve your quality of life and it provides you with a benefit that says we will support you by getting drugs for you at the cost to the Government, that act is a caring act. [*Desk thumping*]

When the Government therefore decides that because the prices of the houses are such that you may not be able to pay stamp duty on them and it moves the limit so those in our society who want to benefit do not now have the additional burden of the stamp duty payment, that is an act of caring. And, therefore, those are the kinds of policies that a Government that is caring will in fact put in place. Therefore the Government takes very strongly any suggestions that it is not a caring Government.

Mr. President, there has been a statement made about spending, spending, spending, and part of the problem with that statement is that if one does not examine the evidence one can come to that conclusion. Let me tell you why. The way that the Government works is that it must come to the Parliament to do a number of things, when it comes to the Parliament and saves money, because the money comes out of the Consolidated Fund, that is expenditure, expenditure is spending. So one of the challenges that we face from time to time is that the way in which these matters are dealt with, you can see very high numbers.

For example as you would see next week when we come here to close the financial statements, you will see that notwithstanding there is a \$52 billion number, if you look at what was actually done at the closing, you will recognize that the Government spent, I think, \$39 billion and \$39 billion is different from \$52 billion. While the view is that you have spent \$52 billion and there is a whole discussion and theories on that and macroeconomic projections and capacity issues on the basis of that and you say at this rate of spending given the reserves will run out, the fact is, that is not so.

Therefore, when we operate and actually deal with the reality, the situation sometimes is not as extreme as it will first appear and, therefore, the only way that we can benefit from a lot of this is really for us in some instances to look at the data critically and deal with it from a position of what has been said to us.

I will make two other points before I close. The first one is that if we look at the global energy situation today and we looked at it six months ago in terms of demand and supply issues, nothing has changed. What has changed is the price at

which the products are trading occasioned by the financial crisis and, therefore, in whatever we do and however we do it, we are looking for indicators of confidence coming back into the system and we have some views about where and how they should be and how we could respond to it.

In the context of the information that is available to us from those who look at this activity and project it on an ongoing basis, we are able to use that and make determinations. If thereon, as indeed there were, then we would be guided by that, but it cannot be that we would simply do so on the basis of something for which there is absolutely no basis. There has to be a basis, and the basis we use and what we continue to look at is that which we have always used and which has guided us up until this time.

So, Mr. President, I think that those were some of the issues raised in the context of our discussion. I believe that I have attempted to clarify some of them and I know there are colleagues who are in fact going to speak and, therefore, will deal with those that I have not dealt with.

I thank you, Mr. President, for the opportunity.

Mr. President: Hon. Senators, I just want to draw your attention to something that the Minister of Energy and Energy Industries said earlier in his contribution. I did not mention it at the time because I needed to think it through and by the time I had resolved the issue in my mind, he had moved on some distance and, therefore, I thought I would deal with it at this juncture.

It is the issue of what is acceptable in terms of parliamentary behaviour and language. The Minister quoted from a document which I believe was the *Hansard* report of a debate in 2007 and he was quoting Sen. Mark at the time and the word “untruth” was used in relation to a comment apparently of Sen. Dr. Saith at the time.

It struck me at the time that the usage of that word was inappropriate. The word “untruth” is different from saying something is not true. To suggest that someone has said an “untruth”, I believe, implies that the person knows that it was not true and, therefore, is deliberately misleading.

For someone to challenge a statement and say: that is not true, I think is more in the line of a challenge and is the same thing as saying that it is not correct, but to say that a Senator has spoken an “untruth”, I think, is slightly different.

The Minister in speaking about Sen. Mark used the same word “untruth”. In the context in which he was saying it, I did not sense any malice and I do not believe that he intended to attribute any deliberate statement on the part of Sen.

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Mark because I would have stopped him right away but I was still thinking through the use of the word “untruth” and I want to caution all Senators about how you speak about other Members of this Senate. We are all hon. Members here and we must all act and speak in an honourable way and treat one another with due respect.

Thank you very much.

7.15 p.m.

Sen. Dr. Carson Charles: Mr. President, I just rise to add a few words to this debate. I begin by saying that some comments made by Sen. Ali earlier on in the debate have stayed with me and I thought I should begin my contribution by referring to his comments about retired judges and to simply add my own voice to this particular concern. Normally in the course of public debate and so on, one does not think deeply on some of these issues but when you reflect on the fact that this is a category of citizen who is not permitted to continue in retirement in his profession, it does, in fact, require some particular attention on our part, I believe, to address the issues which our retired judges are faced with, because, quite simply, many of our citizens, after retirement, continue to work in some way in their particular professions to further support whatever income they have from retirement, and so on, and this is a category of citizen who cannot do that. So I thought I should start on that note and to support what Sen. Ali has said and to ask that this matter be one that we all look at, in particular that the Government pay some attention to it.

But to move on from that, I want to also say that we have to get to the fundamental issues, the basic issues that are involved here. Whenever we speak about pensions we must remember that the greatest difficulty that pensioners face arises from this problem of inflation. That is really at the centre of it. It is really like a dog chasing its tail. Government takes actions that result in high inflation or it does not do something and, therefore, by its inaction, inflation rages and then it comes afterwards and tries to catch up by increasing the pension payments made to individuals in their retirement years. But you really cannot catch up with it that way, because when you increase pensions from \$1,650 to \$1,950, but inflation is raging at 15 per cent, how are you going to catch up?

Even if inflation goes down this year, which of course most of us expect, remember prices would not go back down; inflation will simply fall to a lower level, so prices will continue to rise. Instead of rising at 15 per cent per annum, they will rise at 12 per cent or 10 per cent per annum. But they will continue to

rise. We are still in a highly inflationary environment. We are not at 4 per cent or 5 per cent inflation where you could say, as the economists tend to think, well, when you get down to 3 and 4 per cent inflation there is very little of it; almost none. We are not in that range at all. We are still in the range of high inflation.

So it is like a dog chasing its tail. We are constantly trying to solve a problem that, in fact, cannot be addressed by paying out more and more money every year or making more and more promises on the platform. Sen. Prof. Deosaran raised this point about how much money we will pay to pensioners. Of course, we must remember that the reason pensioners are remembered so much now in terms of increases every year, is because of the action of a previous Prime Minister who took this as a specific issue and said let us bring pensioners' payments up to some decent level, and that was the former Prime Minister Basdeo Panday. That is a fact and that has brought pensions from really pathetic levels—you know, I am into the truth—where it used to be increased by a little \$20 and \$30 every year and that was a big thing, to the level where we are actually competing to increase pensions now and we have it at the level of almost \$2,000. That is a historical fact.

You see, related to that is this same issue I was pursuing with the Minister of Energy and Energy Industries, which is that when pensions used to be \$300 or something like that, it was not the big deal that a person who had a house to rent—

Sen. Narace: Thank you very much, Senator. This is, indeed, a special week. But I am sure you would recall when the People's National Movement proposed from the \$800 to \$1,000, that it was the same former Prime Minister Panday and Members of the UNC who said, well that was impossible; we could not pay that; there was no way we could do that. At that time, Prime Minister Manning knew the vision he had for the economic development that he would not just move it to \$1,000 but much higher than that. I am sure you remember that as well.

Sen. Dr. C. Charles: I would not get into a debate with the public relations officer of the PNM, except to remind him that the writing is on the wall. He must have read that writing on the wall last night. [*Desk thumping*]

Sen. Piggott: Where is it?

Sen. Dr. C. Charles: You cannot read that writing, from one to four?

Sen. Narace: The writing is clear: PNM forever.

Sen. Dr. C. Charles: But it is a fact, as I said, that pensions are much higher now than they were and I acknowledge, of course, that the PNM did, in fact, make

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its own contributions; increased pensions, and so on. It is not that the PNM did nothing; I never said you did nothing, but we must remember that particular defining moment when pensions were brought from a very low level to a level that people could actually look towards—an old person, actually, who did not have any source of income, could actually look towards his pension as a way of sustaining himself. That is the point why it became so important.

The point I want to make is, when old age pension was \$300, a person who had an income, whether it was from NIS or had a house and was renting it out, or something like that, and was denied that pension, may not have made such a big deal of it because the old age pension was really so small; may not have felt so cheated or felt it was so unfair to be denied that sum of money. But when you raise those levels from \$300 to \$800 and \$1,000 and eventually \$1,950, and so on, it becomes an important issue to everyone, a matter of what is just and what is fair. It becomes important. People focus on it. They say: “Well, listen, now it is something to look for.”

In fact, a lot of younger people look to collect their parents’ pension and manage it these days and it is great for some young people to have two or three old people around that they can actually try to manage the household on the basis of the pension. I know people who would do that. They try to manage the household based on the pension from the two older ones, and so on, and that is the income that they have. So it has become important.

My point is that therefore it has become a focus of attention in terms of what is just and a person who is saying, “Listen, I am receiving this now called the Senior Citizens Grant, this old age pension, and because they discover that I am renting out two rooms somewhere—someone came around and discovered I am renting out two rooms somewhere, so I have a little income from that—suddenly I cannot get this money. That is the point. You have to keep focusing upon the real point of people feeling there is an injustice somewhere there. He says, “Well, I really worked hard to build this house and now I could rent out two rooms and get a little income; when they come around and they discover that, I am denied my pension. So I have to try to live now on the little thing I am getting from the two rooms, which was never really sufficient. I was only trying to make ends meet by putting these little things together.” Or someone who goes back and does some part-time work, why does the person do it? Because they cannot live on the pension alone so they go and do some part-time work and then they find they cannot get the pension because someone has discovered that they have a little part-time something.

So you cannot just dismiss it; you have got to focus on the feeling that people have of an injustice being done to them here, because Jack across the road who did not do anything; did not save any money and he did not build any house; did not pay any NIS, he is collecting almost \$2,000 now and I, who have done all kinds of things, am limited to \$2,800. People feel it is an injustice. I thought I should try to explain the point again so that you understand where we are coming from.

Just to touch on a few other points here. As I said, I will deal with the main issues here, starting with the fact that inflation we know is the cause of this headache that you are trying to solve by increasing pensions. Therefore, try your best to address that issue, because you are not going to solve the problem via the pension route, no matter what increases you come with.

The point about Government expenditure, there is a misunderstanding again here. The issue was never about Government expenditure per se. The issue, in my view, was never about whether you should spend so much money and certainly now I cannot tell you that you should spend less money. Of course, you have to be crazy to say that in these economic circumstances, the Government should reduce its expenditure. No, no. We know what will happen then.

The issue was always how do you spend the money? You know, there is always talk about distortions. The Minister talked about distortions. I thought it was the Minister in the Ministry of Finance's favourite thing, but now I see it is taken up by the Minister of Energy and Energy Industries. This thing about distortions, well, surely, that is not even in the vocabulary anymore; this perfect economic system; this perfect marketplace and all this thing about distortions. You cannot subsidize because of distortions? They are subsidizing in the biggest possible way right now on the entire world scene. Some of the fattest cats are being subsidized. So this thing about distortion being caused in the marketplace by subsidizing does not hold any water.

More than that—[*Interruption*] Well, probably the solution they are using right now is one that will cause more distortions and possibly they are doing it only because they cannot find any other solution, so you put more and more money into it. Maybe it causes more distortion, but what else are you going to do?

My point is that, you talk about distortions, so you do not want to subsidize on some kind of theoretical principle. What bigger subsidy can exist than your make-work schemes? What distortions that must cause. Are you still spending \$1 billion on CEPEP and URP, and so on and we are actually trying to find, what, \$1.7 billion? We are not saying do not spend it.

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Could you imagine if you could spend that \$1 billion and you actually got back \$200 million or \$300 million in some actual income from that investment? In other words, now is a time when you really have to focus, not on the amount of money you spend; you have to keep on spending money, otherwise the economy is going to fall, but now more than any time you must focus on what you are spending the money on, and we must get some returns for the money.

I am not going to pound the Government for all the mistakes of the past few years. The population will do that, I am sure, but I am not going to do that right now. But you must admit that you were wrong. There is no shame in admitting you were wrong. The entire world was wrong, so why can you not admit you were wrong? All of the experts and advisors were probably wrong, so you were wrong; do not worry about admitting it. You can admit you were wrong.

I want you to tell me if your Vision 2020 is still on track. Then you are living isolated from the world. We have got a plan to take us to Vision 2020; that plan surely was based on a certain kind of world economic environment and revenue streams of a particular kind and so on, and various kinds of projects. It was based on that. You cannot tell me that with the dramatic changes in the world scene right now, that you are still on track with your Vision 2020; you can carry out the same projects, the same plan and you will get to your destination in the same time and that same place? Then somebody is really misdirecting somebody here.

So you should be reviewing your grand Vision 2020 plan, and so on. Now, that makes sense of all this; that puts all this in some kind of context, otherwise we are addressing these issues without context. Who can disagree with increasing these sums to pensioners? Nobody can disagree with that. We always worry about the context in which you are doing it and we say what is the effect of it.

The issue has always been economic versus politics. You have some good economic planners and some good economic theorists. Maybe we should not knock economic theorists; that is an important field of endeavour. Even the theorists, as opposed to all the pragmatists, must have some place. You have got great economic theorists and great economic pragmatists and all these things, but the problem has always been between the economics and the politics, because it is not economics that is causing you to spend money on some of these huge things that are totally out of order, and even now continuing to spend them; it is politics. It is political direction and philosophy. I do not want to spend too much time on that. My point is to get back to the fundamental issues and you would see that this is in context.

7.30 p.m.

We can afford to support our retired people with some of this money. More and more you will find that other things become important in supporting retired people. More and more you would find especially with the changes in the world scene that we have to go back to recognizing things other than cash as being valuable. We have to stop thinking of solving problems by throwing money at them. I think that this has been a problem with the PNM. They tend to record their progress in terms of how much money is spent.

What are you doing about health? You have allocated so many billion dollars to health for this year and you have spent so many millions over the past few years. That is how you account for everything. You describe it by saying how many millions or hundreds of millions or billions you have allocated in that area, as though that is the issue. That was never the issue. More and more you would find that in the current world environment you have to start addressing some of these issues without saying how much money you allocated because that would make less and less sense. If you are dealing with retired people, this increase of \$300 would not have much value down the road. You cannot increase it I think from next year. You would have to start looking at value for money.

What do retired people in the society get in terms of the kind of services available to them? The transportation system is in a serious way. You have a free bus pass but that is a drop in the bucket considering the overall transportation system. One of the fundamental things that retired people need to have is access to easy transportation to move around. You have to address health care in a more serious way so that people will not have to spend so much money outside the system to get it. They must not have to depend on taking the money that they collect to spend on an X-ray because they cannot get one in the hospital. You have to start addressing these things. What is the point that the \$300 go in one because at the hospital it is never working.

People must not worry about spending some of their little money on security concerns. The Government should focus on that if it wants to be a caring government. The Minister said that the Government is hurt when people say that it is not a caring government. If you are a caring government it is not good to say that and not enough to throw money behind everything. You have to demonstrate by your actions that you are a caring government in respect of the actual product. The word is not enough.

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What is the point in saying that you are a caring government and if you go to the hospital you cannot get proper service because no one has paid attention to what is required to get the service up to par. There are issues that we will talk about in more detail next week. Next week, I intend to speak at length on those issues so I would not go into them in any serious way.

The stamp duty that you are abolishing on the lower levels of residential transactions, I am happy that the Government has made good on its promise to extend the exemption from the houses to land for residential purposes. I had asked for that before and I am very happy that the Government has done it. It is a progressive step.

There is a category that the Town and Country Planning Division recognizes in its allocation of land called residential/commercial. More and more they are asking developers to put that into their plans. I can tell you that is what they call it. You have to figure out plans for that. The reason is important because they recognize the value of encouraging people who are establishing a community to also establish a business for their residents. You cannot treat it as though it is commercial. Because the person has changed the use, what are you going to do? Are you going to charge a high stamp duty because the person has bought a residential/commercial spot on which he or she would build a house, live in and have a business place downstairs? You have to recognize the value when we talk about the economy and the more fundamental ways of transforming it by people using their residences for business.

This is a very powerful instrument that is used in some communities in the country, but not wide enough throughout the country. Many poor communities need to develop the culture of establishing businesses where they live. This is a cultural issue of people who know how to build upstairs houses and have businesses of whatever kind downstairs. It is powerful and valuable to have business where you live. When you convert residential land into commercial land and taxes are paid, you must take these things into consideration.

I am bringing this to your attention. If you have an answer that is fine; if you have not found an answer, then you should consider the implication it may have when people want to put a business downstairs to manufacture something. This can be because they have learnt this great habit from those who have been doing it for a long time and they know how to supplement their income or create jobs for their families. People have to find ways of creating jobs for their families. You cannot support them indefinitely via CEPEP, URP and whatever else.

I will make a few points at this time rather than engage you in full debate. The big issue has to do with the world economy and our place in it. You had engaged many in the country in the professions and in business in charting some kind of plan for the future. It is not necessary for us to criticize your plan any more because that is all gone. We now have a challenge to come out of the world crisis on the right side. Countries would come out of the crisis in different shapes. All those who were doing well based on the old paradigm with all the economic fundamentals and saying the right things, if the basic structure of the economy is not sound, they would come out in bad shape.

We have to ensure that we come out in good shape. How do we do that? It requires that the Government get some accurate or pessimistic more than optimistic assessment of where we are and where we could be over the next year or so and begin to address the issues in a collaborative way with the population. The population must be brought into the mixture. Our population is not in the picture in terms of getting ourselves out of this crisis. When you ask about the private sector and what role it has to play, I think that the private sector has an important role to play, but the Government must lead.

I do not think that the Government has shared with the population anything approaching what is required in order to lead. It has not shared the facts of the situation in which we are. We are in a scary situation because we can be tumbling from day to day. They have to share something that would allow people to play a part in the great effort that we have to make as a country to pull ourselves out of this. Let them know you are playing your part in a serious way. Whatever errors were made before in terms of the kind of investments you made or the places you chose to put their money, that you put it aside and you now make decisions in which the population can have some confidence and the private sector can believe that it ought to share in this effort.

I will end on that note of calling the Government to share with the national community enough of the actual facts. People are asking why we do not have a new budget. It is not that they want us to come here and talk ad nauseam but because they sense that if the price of oil has fallen from a projected plan of US \$70 to \$35 or whatever, that means a new budget. You cannot answer that by saying that we would not have a new budget. That does not sound right enough. People want more than that. They want something that says what is the new plan. Please share more with the national community. What is the new plan? What are the roles that people and institutions have to play? You will have a serious job of

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selling labour. You would not get anywhere on this if you do not have a plan that people would buy into. This is just one category. The rest of the private sector must feel that they could buy into this.

That is my appeal. Other than that we cannot have any complaint about the fact that you want to increase pension. That would be a good idea. We supported what is in the budget and that aspect we will always support. If inflation continues to rage you would have achieved nothing.

With those words I ask the Government to take its duties in this matter as seriously as we take ours in this particular situation. It is not a time for scoring points for that sake. We do not require that. We think that the points have been scored already. The population will have its say when the time comes. Now is a different time. It is a time to have some level of cooperation on something that will pull the nation out of what could be a very deep hole.

Mr. President: The Minister of Finance.

Sen. Dr. Kernahan: No.

Mr. President: Listen, you are not going to play any games there, okay. It is the person who catches my eye firstly. This is the first and the last time I would say this. If you do not catch my eye, I would call upon whoever does and I would leave it so.

Sen. Dr. Jennifer Kernahan: Mr. President, this afternoon, the Minister in the Ministry of Finance sought to bring the Finance Bill to give effect to measures in the budget which purport to increase pensions for various categories of persons. The increase is from \$1,650 to \$1,950 minimum. In the Bill before us the Minister also purports to increase the Senior Citizens Grant to a minimum of \$1,980 and the Public Assistance Grant from \$1,100 to \$1,300.

In presenting these increases the Minister professed to care about persons who are on fixed incomes who are most vulnerable.

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

Apparently, he expects that these increases will improve the lives of the pensioners and people who need disability grants. If this Government cares so much about pensioners, senior citizens, their quality of life and ability to sustain themselves, we want to find out the basis of the ceiling of \$2,800 advanced by the Minister and it was advanced in 2006. We expect that this figure was not plucked from the air. Maybe, the Ministry of Social Development would have done the

relevant research that would have enabled them to say that that is a living wage based on the cost of living of the average citizen. I expect that for 2009, the Minister of Finance would have taken into account the horrendous increase in the rate of inflation since 2006 when this ceiling was first initiated.

7.45 p.m.

Mr. Vice-President, there is no evidence to that effect in the Minister's presentation. His presentation did not give us any idea of where the figure came from, or if this is considered a living wage by this Government for people for whom, perhaps, it is their only source of income. The Minister was happy to divulge, in the *Sunday Newsday* of January 09, 2009, that 40 per cent of Government's 2007/2008 expenditure of \$22 billion was spent on subsidies and transfers to segments of the population that needed it most.

In fact, another question arises. What does the \$22 billion mean to a pensioner whose income is being ravaged by inflation due to the Government's policy of accelerated development? I know my colleague, Sen. Dr. Carson Charles, dealt with this issue.

In 2006, the ceiling was established, but in the *Newsday* of December 25, 2008, in an article by Anna Rose Madray, the headline here is: "2008—Year of \$tress". The article says:

"Against the backdrop of a US recession and a slowing global economy, Trinidad and Tobago's economic landscape in 2008 was dictated by unprecedented levels of high inflation as well as extremely volatile food and energy prices."

They quoted inflation figures for October 2007 of 15.4 per cent and November 2008 of 14.3 per cent.

"January's inflation rate hit the dreaded 10 percent, double digit mark from 7.6 percent in December 2007..."

This is what the pensioners have to deal with—those whom this Government cares so much about.

The article goes on to say:

"In the fray of volatile food prices, the Regulated Industries Commission (RIC), approved increased electricity rates for commercial customers, and residential customers using high amounts of electricity."

So this is the situation, and it is dire for persons on fixed incomes and those on disability. While the Prime Minister and Minister of Finance try to tell the

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population that the social programmes will not be affected negatively in the context of the global economic slowdown, the fact is that the income of the most vulnerable is being impacted negatively and is being decreased by the inflationary increases in the prices of goods and services.

The Minister of Finance did not actually have to slash the incomes of those who receive social benefits; it is being slashed every day by inflation. It was being slashed since 2006 when the ceilings were established. So we are not fooled by the pronouncements of the Government that social programmes are not being touched. They are being slashed because every day pensioners have to face inflation rates of 15 per cent, double digit inflation, which is ravaging their quality of life and their ability to live decently.

This is what we face: a Government that has faulty inflationary development policies, accelerated development, an over-heated economy and construction sector, several instances of mismanagement, waste and the corruption that they are presiding over. This is the sorry state that we have come to and, in this context, this Government comes here to say they are raising pensions.

In addition to the issues I have already raised, the external situation has exacerbated what is happening internally and the Central Bank of Trinidad and Tobago has produced a document by Ewart S. Williams, Governor of the Central Bank, dated January 15, 2009 from a feature address at the Couva/Point Lisas Chamber of Industry and Commerce. This document is called "The International Financial Crisis: Impact on the Region and Trinidad and Tobago".

The Governor of the Central Bank has elaborated on the situation in the country and among some of the things he has said in this document is:

"Our once thriving energy sector is facing sharply reduced external demands and anemic prices. Oil prices have plummeted from over US \$140 per barrel in June 2008 to around US \$40 per barrel currently, while gas prices...have declined from over US \$12 per mmbtu in June to an average of US \$6 per mmbtu in December 2008."

He said that several planned investments in the sector had been postponed. He said that the stock market is struggling; it has taken a sharp drop by 27 per cent between June and December 2008. He said:

"Our households, like those elsewhere have observed financial turmoil and have become more cautious..."

This is the state of our economy. He went on to show the connection to the wider economy apart from the oil. He said that a fall in demand of energy prices affects not only the large energy companies, but a whole host of smaller companies and entrepreneurs who provide services to these companies. The manufacturing sector is being affected by a fall in demand from regional markets.

This is the scenario in which we are debating this Bill this evening and all this translates into lower government revenues. In fact, the Government has now announced a revenue shortfall of over \$7 billion. They initially said \$5.3 billion in November and then they announced a further \$2.3 billion. They have announced that this drop will be financed by deficit financing.

What is the significance of this deficit financing? We come back to where we started. The Central Bank has said, and I quote from the same document:

“Our Achilles heel is the high level of inflation which can reduce fiscal space, since in principle, too much deficit financing can easily add to inflationary pressures.”

This Government, because of its mismanagement, its faulty and inflationary policy of accelerated development and its waste and corruption has instituted a spiral of inflationary pressures and is now proposing a policy which the Central Bank Governor says will further add to inflationary pressures. So we cannot win.

There are pensioners in this country, even in the face of this so-called increase in basic minimum pension, who will face another round of inflation with the deficit financing that the Government has announced as policy. The Government is actually digging the country deeper into a hole of debt. They are mortgaging the future of this country and the income generated by the workers and this is demotivating to workers. Right now we cannot deal with the inflationary spiral. We know that persons coming to the job market in the future will also have to pay for all the waste, debt and deficit financing the Government is embarking on.

It is no surprise that this Government was happy to announce the policy. In fact, the Prime Minister said that he was killing two birds with one stone. He is mopping up liquidity and he is avoiding taking money from the Heritage and Stabilisation Fund. We are asking: What is so brilliant and good about this policy? This policy means that we are paying for the wanton waste in this country, the construction of white elephants, the corruption and that we are mortgaging the heritage of our children. What is so brilliant about this deficit financing policy where thousands of our most vulnerable citizens will be further impacted negatively by increasing inflation according to the Central Bank?

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This is our position. The Bill before us puts a ceiling of \$2,800 on the Senior Citizens Grant, many Senators have made their point and the point has been made in letters to the newspapers. In fact, in the *Express* dated Thursday, January 08, 2008, Garvin Nicholas wrote an article that says: “Stop penalising thrifty seniors”. He said:

“NIS pensions should not be classed as income to measure the level of grant to be received, nor should benefits from any other contributory pension for that matter.”

He said that if you worked hard all your life and you paid the NIS contributions religiously, you should not be penalized for this by having a ceiling on your Senior Citizens Grant.

Citizens are clear that the measures are unfair to people who have worked and who deserve their NIS pension and their Senior Citizens Grant; all the benefits that they have worked for all their lives. We are saying that this is a disincentive to workers and you should not disincentivize workers, the people we depend on to work and provide savings to pay pensioners.

Mr. Vice-President, the Minister of Finance made a big point about saying that the social grant is entrenched in law; it is an entitlement and can only be changed by Parliament. We know that that is grandstanding. Under this Constitution, the Government has the majority in this Parliament and can come here at any time and use its majority to change the Act. The Act says that they can discontinue it; they can do whatever they like. Saying that they have to come to Parliament says nothing. They are fooling people because they know that they have the majority and can do that. Parliament under this Constitution does not have very much control over whether senior citizens will continue to get their grants or anything.

Clearly, that is a case in point where we need Constitution reform. If these pensions were entrenched by right in the Constitution, as they are in many constitutions in the world—right here in the Caribbean there are the constitutions of the Boliverian Republic of Venezuela and in Cuba, in which the rights are entrenched. They are not left up to the whims and fancies of governments that can increase or decrease them. This Parliament has no power over these things because the Government always has the majority. Right away we see the need for Constitution reform where the rights of citizens who have worked hard all their lives and contributed to the country should be entrenched in the Constitution and not have the Government tamper with the rights as easily as they do.

The assurances that the grants and social services payments will not be touched under this scenario has no meaning for us because every Monday morning we hear a government Minister give another analysis of the international picture and the way it impacts Trinidad and Tobago. They contradict themselves and the people in this country, at this point, have no confidence in the pronouncements of government Ministers. They have no credibility and the perception out there is that the Government has no interest in providing for many of our people. They only have interest in providing for the monopoly capitalists, the entrepreneurs, the foreign multinationals and the foreign contractors. This is what this Government has interest in.

8.00 p.m.

A lot of our money is being exported to China and Malaysia. Anybody who has any sense can just pick up a briefcase and come and sell this Government anything that they need to sell and our money is being exported while our workers here are left without jobs.

The Minister of Agriculture, Land and Marine Resources mentioned that the Government is building a number of housing developments. That was to show that people would have access to these houses with zero or low stamp duty. The real problem that people have in this country is that people who really need houses are told when they go to the HDC, that there is a lotto system and that their name comes up by chance. It seems strange to many of our citizens that so many people, thousands of people, put down their names, their names supposedly go through this lotto system and they are supposed to come up by chance. What happens, apparently, is that a lot of the names that come up are PNM activists.

[MR. PRESIDENT *in the Chair*]

These names only come up by chance. This is the general perception in the population that a lot of the names of the activists come up by chance. We do not understand how it is this chance system always seems to benefit people who are closely affiliated with the party. This is the problem we have with this issue of housing.

If you are serious in this country about providing housing for your family, you cannot depend on that chance system that works only for a certain section of the population. Even those persons in the society who suffer tremendous loss by fire or natural causes and need urgent housing, are unable to access any sort of housing from the HDC. People are living under trees and in cars. There are many socially-displaced people.

Mr. President: This Bill has nothing to do with the HDC. It does have something to do with stamp duty, but nothing to do with housing or the HDC. It is getting late, so please talk about the issues in front of us.

Sen. Dr. J. Kernahan: If you are really serious about acquiring a house in this society, because of the issue of the chance that never seems to work for so many people, you are forced to face the private housing developers. If you look at the newspapers, you rarely encounter houses in the private sector that are below \$1 million. The cheaper houses are “\$1 million and change and going up the road”. Therefore, when you have a—*[Interruption]*

Sen. Narace: On a point of order, 35.

Sen. Dr. J. Kernahan:—situation where below \$850 thousand—*[Interruption]*

Mr. President: No, I would be grateful. You do not get up and throw numbers at me. What exactly is your objection?

Sen. Narace: Totally irrelevant, Mr. President.

Mr. President: I think that it is important that when you raise an objection, the audience who are seeing this understands exactly what you are objecting to, which is why I do not just want numbers out there. Senator, again, unless you can make a nexus to what you are saying to this Bill, I am going to ask you to move on.

Sen. Dr. J. Kernahan: I do not know why the hon. Minister is making this objection. I am talking about stamp duty. Unless you are able to face the private sector to buy a house—the cost of these houses in the private sector is over \$1 million. The Minister has outlined that under \$800 thousand, there is zero stamp duty and you have to pay stamp duty of 3 per cent over \$850 thousand or \$1 million. *[Interruption]* This reduction in the stamp duty is not going to benefit many people who have to face the private housing market because these houses are very expensive. You hardly find in the private sector houses that are below \$850 thousand and, therefore, you will not be beneficiary of this particular reduction in the stamp duty. Most of the people who would benefit from this are people who maybe would have access to public housing. I have already outlined the problem with acquiring public housing because of the so-called chance system.

Unless the Minister can give us numbers, in terms of the number of people who would benefit at the levels of stamp duty that he is talking about, under \$850 thousand then—*[Interruption]*

Sen. Annisette-George: Mr. President, maybe just to clarify the point about how the stamp duty operates. There may be a bit of misunderstanding in that there is a total exemption of stamp duty for the first \$850,000. If you are buying a house under the price of \$850,000 you pay zero. If you are buying a house for \$1 million, in effect you are only paying stamp duty on the difference between \$850,000 and \$1 million. It benefits everybody. It is a question of whether you are paying nil, there is no charge, or you are paying the charge on a sum less than your actual consideration. Everybody who purchases house and land or the new measure, which governs land for residential purposes, will get a benefit. I think maybe there is a misunderstanding in how the provisions work.

Sen. Dr. J. Kernahan: I am not disputing the benefit. I was talking about the numbers. I asked the kind of numbers that we are talking about. Most people in the society, due to the way allocation of Government housing is organized by chance, if they really need to house their family, have to face the private market and most of these houses are above \$ 1million, therefore, you will have to pay the stamp duty. I was talking about the kind of numbers that are affected by this measure.

Based on the issues that I have outlined, in terms of Government policies and the inflationary spirals that this Government has engendered in the society by its policies, it is clear that a wide section of the society, the majority of the population, especially pensioners and the more vulnerable, are victims of this Government's economic policies.

I have mentioned the question of the overheating of the economy in the construction sector and the preference of foreign contractors resulting in rampant inflation in the economy. Therefore, increasing these pensions by \$300 and increasing social assistance by \$200 or \$300, as Sen. Dr. Carson Charles said, is not the answer to the problem. The answer to the problem is deeper rooted. The Government has to look and rethink its policies on development and inflation and, therefore, that would be more helpful to the more vulnerable in the society.

With respect to the measures that the Government purports in this Bill, they would not be so beneficial to the most vulnerable and poorer sectors in the society. It is merely a fig leaf to cover the fact that this Government's policy has more to do with promoting the welfare and well-being of the more affluent in our society and the external sources/foreigners, rather than promoting the welfare and the benefit of the ordinary, poor and vulnerable in our society.

I thank you.

Sen. Dr. Adesh Nanan: Thank you, Mr. President. I rise to make a contribution on the Bill to provide for the imposition or variation of certain duties and taxes and to introduce provisions of a fiscal nature and for related matters.

I will start with a reference to Genesis, Chap. 41, verses 17—39. I would start off where Pharaoh and Joseph were in conversation. Pharaoh had a dream that he was standing on the bank of the Nile. In his dream, seven cows, fat and sleek, came out of the river and grazed upon the reeds. Shortly after, seven thin, ugly cows came out of the river and ate the seven fat and sleek cows. They still remained ugly, thin and scrawny. Furthermore, as the dream continued, there came out of the river also a stalk with seven good grains. Upon that particular stalk there was another seven grains, withered and thin. The seven grains, withered and thin, ate the seven good grains. Pharaoh asked Joseph to interpret the dream. Joseph interpreted the dream in such a way that pointed to seven years of plenty and then seven years of famine.

The relevance here is that the Government had seven years of plenty and we are now faced with seven years of hardship. What I want the Government to understand is that the seven years of plenty are in terms of abundance. The people will forget the abundance, the seven years of plenty, and they will remember the hardship. What we have seen, with respect to the squandering of the revenue stream over the last seven years, in terms of budgets—in fact, from 2003, from \$17 billion we have gone to a \$51 billion budget.

Mr. President—*[Interruption]*

Sen. Narace: On a point of order. We are hearing stories about seven years—Standing Order 35(5). What is the relevance to the Bill?

Mr. President: Develop your point. Go ahead.

Sen. Dr. A. Nanan: What I am showing is that because of the inflationary trend over the last five years, the senior citizens have been placed in a position where, because of the inflationary spiral brought about by the heating of the economy, in terms of the Government's projects, they have embarked on the mega projects—I made the point to the Minister of Energy and Energy Industries that the senior citizens have been placed in a position because of the inflationary, upward spiral and what they have had to utilize is not sufficient, because of the increased cost of living.

The reason I made reference to Genesis, Chap. 41 was to show that we have had a time of plenty, but you have not planned. If I go on with the verses you would see what Joseph did was tell Pharaoh to store food now so that they would have food when the famine arrived.

8.15 p.m.

What has happened with respect to this particular situation is that we had plenty, but we had no storage. In terms of the Heritage and Stabilisation Fund, we have seen a small savings, but there could have been a larger amount. The point I am making is that senior citizens have been deprived, and what the Bill is seeking to do is to increase the allocation by \$300, and that is why I made reference to that particular parable.

I want to go now to a few issues that were raised by the Minister of Energy and Energy Industries. In the Minister's contribution he said that in 2003 there was deficit spending, and he gave figures of \$15 billion, \$361 million and a deficit of \$620 million in 2003.

In Sen. Mark's contribution, he made reference to the Prime Minister's statement, and I want to refer to a story in the *Express* dated Thursday, January 08, 2009 where it says:

“When he announced the budgetary cutbacks on November 30, Prime Minister Patrick Manning said the Government did not want to take the route of deficit financing—spending more money than the country is earning—because of its consequences, not the least of which is the higher cost of borrowing which affects public and private enterprises and individual citizens’.”

Today, we are hearing a justification for deficit spending, and this is what Sen. Mark was trying to put his hands on when he made reference to that particular statement. I just wanted to correct that.

Sen. Enill: Mr. President, through you, the point the Senator made ad nauseam is that the senior citizens are affected by the change in prices during one year and the other which is really inflationary. The measure that is currently being discussed increases the allocation or the benefit by some 18 per cent. Would that increase allow senior citizens to deal with the inflationary pressures you have indicated?

Sen. Dr. A. Nanan: That takes me to another point that you have raised and which is congruent with this particular matter. The Minister of Energy and Energy Industries made reference to this particular statement. In fact, he quoted from Sen. Mark's contribution in the *Hansard* in 2007. He said that a benefit was given to senior citizens and Sen. Mark voted against it.

In terms of the record, let me clarify why Sen. Mark voted against the measure. As I recall, the Finance Bill had Senior Citizens Grant and that is one of

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the reasons Sen. Mark objected. He said that the provision should remain as an old age pension. He wanted it to be a right and not a benefit.

The second reason was that the Bill said that it could be increased, decreased or removed, and I think that is the reason Sen. Mark voted against that particular measure.

Mr. President, another matter raised in Sen. Mark's contribution and to which the Minister of Trade and Industry gave an explanation—I want to make reference to that particular explanation because what Sen. Mark had put forward was that there was a Common External Tariff (Suspension) Order, 2007 that expired on December 31, 2008. The Minister of Trade and Industry pointed to this particular situation and reference was made to two products; corned beef and French fries.

Now, the Common External Tariff (Suspension) Order, 2007 made corned beef zero per cent and at that time French fries was 5 per cent. Now, we heard from the Minister of Trade and Industry that a request was made at COTED for the 5 per cent of CET. Cabinet took a decision that it should remain at 5 per cent and the Government went to Caricom at COTED to ask for it to stay at 5 per cent. However, corned beef was at zero per cent up to December 31, 2008 and it has gone back to what it was before. So, the question that Sen. Mark was asking is that since this Order expired on December 31, 2008, and there is no new CET Order, why has corned beef gone back to 5 per cent and French fries not reverted to the 20 per cent?

Now, the explanation that the Minister of Trade and Industry gave was up to the point where COTED, through Caricom asked for the 5 per cent, and the question being asked is why the Comptroller of Customs is administering a CET at this point in time of 5 per cent for French fries and not 20 per cent which it should be. So, what is being hypothesized is that Cabinet probably gave a directive, and there is an administrative order that the Comptroller of Customs is following which we consider to be illegal, because there was no CET to that effect. That was not cleared up by the Minister of Trade and Industry—the change with respect to CET for corned beef. The point was made with respect to corned beef and senior citizens and how important that could be in terms of the protein contribution to senior citizens.

Again, the Senator made the point that the Government is increasing the grant to \$300. In some parts of the country, especially in rural communities, the roads are in such a deplorable condition that even if you are giving free bus passes to

senior citizens, they cannot be utilized because they have to pay increased taxi fares since there are no buses going in those areas, because of the state of the roads and the taxi fares have increased. That is one cost which has escalated with respect to the senior citizens. That was the reference made with respect to this particular issue of the CET. I just wanted to clear that up. We did not get a proper explanation with respect to that particular situation.

The other area that I want to deal with is what Sen. Dr. Carson Charles spoke about and that is the levelling with the population. If one looks in terms of the economic downturn or the economic meltdown, one would see that inefficiency cannot hide. So, with respect to the statement made by the Minister of Energy and Energy Industries of not being able to pursue all areas, I think what needs to be done is that Permanent Secretaries need to become very operational in ministries to stem this particular tide of inefficiency. If you cut out corruption and mismanagement, that would reduce the burden on the State considerably.

Mr. President, I want the PNM to take note of an extract of President Obama's speech following his swearing-in ceremony earlier today and I quote:

“To those who cling to power through corruption and deceit and the silencing of dissents know that you are on the wrong side of history, but that we will extend a hand if you are willing to unclench your fist.”

There are examples to look at in terms of locking up Mr. Basdeo Panday, the Opposition Leader; the shutting down of parliamentary committees; and no live broadcasting of parliamentary committees, just to name a few. *[Laughter]*

Mr. President, do you know what is surprising? We have the competent Minister in the Ministry of Finance, Sen. The Hon. Mariano Browne, and then we have a statement coming from another Minister, who I did not say is incompetent, saying that we have sufficient wiggle room, based on our profile to allow us to finance our deficit in revenue for 2009.

Now, we heard from the Minister of Energy and Energy Industries in terms of a \$1.7 billion shortfall and then we heard of the Henry Hub situation and a price differential in terms of searching for markets. The question we have to ask the Minister of Energy and Energy Industries is whether the \$1.7 billion shortfall—based on you searching for new markets—is the best case scenario? If you do not find those markets, would the billion dollar shortfall increase? In terms of your explanation, we still have to ask that question.

Mr. President, permit me to look at the Draft Estimates of Revenue for the financial year 2009.

Sen. Enill: Mr. President, I want to thank the distinguished Senator for giving way. The numbers are premised on two things; one is an oil price and the other is a net back at the well head of a particular amount. The net back at the well head is what we are protecting. So, it means that on the basis of how we are configured currently—where the cargoes are going—that net back at the well head will be protected.

In the last reconfiguration, for example, we used a \$3.50 for one quarter, a \$3.25 for three quarters, and we did a variation based on the information that we have at this point in time based on the destination of cargoes. So, yes, it takes into account everything at the end of the day and the assumptions that we have made.

Sen. Dr. A. Nanan: When I look at the oil companies under “Chairman Board of Inland Revenue Ministry of Finance”, in 2007, the actual figure was \$16 billion; in the 2008 estimates it was \$15 billion; revised estimates, \$22 billion. In the 2009 estimates it is over \$16 billion. In 2007, other companies, \$4.7 billion and in the 2009, estimates it is over \$ 7 billion.

There is a business levy of \$138 million and a new figure of \$197 million; health surcharge of \$170 million and a new figure of \$189 million. Now, the health surcharge would be dependent on workers, because they pay health surcharge, and the business levy has to do with business that is taking place in the country.

8.30 p.m.

Now, even in a situation where you have a global economic meltdown and what we are going to see is a downward spiral in terms of—actually, the purchasing power will be decreasing. I am not preaching doom, that is just a hypothetical situation, based on the decreasing price of oil and the commodities as we heard in terms of methanol and ammonia. In fact, in the private sector, there are already job cuts and I do not know if the Minister of Health might clear the air in terms of the hospital environment and the releasing of patient care workers, or the proposals to release patient care workers.

Sen. Narace: Would you like me to clear it now? First of all, there has been no laying off of anybody. If somebody had a contract and his or her contract expired, it expired.

Mr. President: I have been listening and what you are saying is very interesting, but is there some point that you are going to make that is relevant to the Bill? Please make it, because at this point, you are 20 minutes into your contribution and we have not heard anything about the Bill as yet. Please try and get there.

Sen. Dr. A. Nanan: I will be brief here, Mr. President, because the link would take place when I speak of the economic meltdown and the job situation. That was a subtle way of saying that people are going home; they are not renewing their contract. In terms of senior citizens, we have a situation where you are relying—and the point was made by Sen. Rahman in terms of the number of people who would be working to support these senior citizens, and the workforce is shrinking, so you will have a greater burden on the workers. That is why I made reference to this in terms of the business levy and the health surcharge; that would be a drop in terms of revenue for the Government. That was the hypothetical situation, Mr. President. That was the link in terms of the people who are not going to be employed, the shrinking of the workforce, more burden on these people and a greater reliance on a shrinking workforce with respect to the decrease in revenue. So, I will move away from that document.

Hon. Senators: Come to the Bill; to the Bill.

Sen. Mark: "Doh worry with dem, nah man".

Sen. Dr. A. Nanan: Mr. President, I have to make a statement that would aggravate the Government. [*Laughter*] [*Interruption*] Do not worry about that. I mean no malice; I am just making an observation. They had the largest revenue in the history of the country, but the social safety net has collapsed. It is important in terms of this particular measure, \$300 increase for the senior citizens.

Let us examine very carefully; I do not know if they understand how this thing operates in terms of the society and senior citizens. The burden on our senior citizens is not on the senior citizen by himself or herself, a number of our senior citizens are supporting their grandchildren. [*Interruption*] Listen, they have no choice, and what is happening is that because of this breakdown in family life brought on by the PNM, this particular situation has arisen, and that is why there was that uproar by these senior citizens when this particular allocation was surreptitiously cut.

So, the point I was making in terms of the social safety net, collapsed. The point I was making and the point I am still going to make and am still making is that in the time of plenty we should have fixed our schools, our hospitals and our roads. Now, we are in a situation where the economy is collapsing, and our revenues are shrinking. We heard from the Minister of Energy and Energy Industries in terms of caring, and the policies the Government has in terms of caring, but we have to ask the question, in terms of caring, what happened to all

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the primary schools that are left by the wayside? Is that caring? Did you utilize the allocation properly? No, you put it into mega projects, and what is happening to these mega projects, they are now becoming white elephants.

It is the same senior citizens who have to suffer because of the health system. We heard from Sen. Prof. Ramesh Deosaran in terms of a situation of a senior citizen at a hospital. The question that has to be asked is: Where did the money go? I will move on. Our senior citizens are still under threat in Port of Spain. If they do get a bus pass and they come into Port of Spain, even if they use the water taxi, they would be flooded out in Port of Spain.

That is the situation. Even if they get a bus pass and they come into Port of Spain, they use the water taxi; they might still drown in Port of Spain because of flooding. That is the situation with the Government. [*Desk thumping*] [*Laughter*] That is the caring. You give them the bus pass, bring them on the bus, bring them on the water taxi and they flood out in Port of Spain, and they drown. That is the situation. That is the \$300 allocation that these people are relying on.

You know what, they have even broken it down to justify why they have reduced the allocation. I would think in this particular time, we have heard the parable in terms of Genesis 41, that you would be caring enough to recognize that the senior citizens now need the Government. The jobs are shrinking; there is not a great demand for senior citizens to go to work. You should be compassionate enough to help out the senior citizens. If the Minister of Energy and Energy Industries is correct in terms of your projections, let it be given a retroactive measure; give them the allocation now across the board, and if you want you could cut it out later, but give them that opportunity—I called it before, bridging finance—to meet the demands of the society.

Do not talk about crime; I do not want to go there. We need to go there and the reason we are going to crime, because the situation with crime in our country is causing capital flight and that situation will cause an economy to crumble. Capital flight is a serious problem in our country. Do not talk about the mega projects because it was mentioned here in terms of where the resources should be put. The resources should be put—this is all for the citizens, to help the senior citizens—to boost the domestic economy.

Everything that has been down there will help the senior citizens, and that will give you the opportunity. By boosting the domestic economy, you can give that

bridging finance to the senior citizens and give them a better way of life. Not only senior citizens, but the pensioners were depending on this Government for an improved way of life. Do they have an improved way of life?

We are debating here of giving this pittance to these retired public servants and these pensioners. They are suffering and reeling under the pressure placed by this Government surreptitiously or otherwise with respect to the inflationary spiral; it is the lack of control— We heard of the crime situation. They had to spend more out of their allocation probably to burglarproof, to get a guard dog, all different mechanisms to secure themselves, and they are being preyed upon by bandits. They are at risk and the Government is doing nothing about it and talking about caring policies.

You know what is strange, is that the Minister of Agriculture, Land and Marine Resources spoke about housing and said nothing about agriculture in his contribution. He probably could not have linked it because he thought he was reading a speech. *[Interruption]* I will link it for you if you could not have done it. We heard it in terms of the agricultural sector.

What is happening is that the megafarm projects that the Government has embarked upon will gobble up the local farmers, because they are producing the same foodstuff. So, the poor farmers, who may be senior citizens; who may be having their backyard vegetable gardens and trying to make a living, of course once they do that and they cross the threshold, no allocation for them, they get cut off, so they might be careful.

Sen. Gronlund-Nunez: Mr. President, a point of order, 35(1). The hon. Senator is going from A to Z and not sticking to the Bill. Could he please, on a point of order.

Mr. President: Senator. *[Laughter]*

Sen. Dr. A. Nanan: The truth offends, not the untruth, Mr. President, the truth. The reason I went there is because I know of many senior citizens who have taken the initiative to have their backyard gardens. So, we are looking at a possibility where they would be able to have their backyard garden; they would probably be able to utilize the \$300 allocation this particular measure makes provision for. *[Interruption]* I would not respond to you because I would need injury time, so I will go on. *[Laughter]*

In terms of that initiative by senior citizens, I made the point earlier of these poor vulnerable— In fact, there is a group that is very vulnerable, and if the Government is really serious about their caring attitude, which we did not see in

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Tobago, that is why you lost your four seats. [*Desk thumping*] [*Laughter*] I would be careful of that ripple effect in Trinidad—I just needed to get that in while I was going there—because there were senior citizens in Tobago who did not vote for you, even if you gave them the \$300, because they recognized that it was pittance that you were giving them. They will have an opportunity soon in July to deal with you.

Mr. President, I just wanted to make those few points about the particular situation with this Bill, but I left out one area and I think I should go there before I close. [*Desk thumping*] [*Laughter*] That is the stamp duty matter that the Attorney General so graciously stood up to defend here or explain, sorry, explain. [*Interruption*] You know, Attorney General, I am very happy when you stand to explain anything, I always learn something, but this time I did not learn anything, because I was trying to figure out what you were saying about the stamp duty.

It takes me to another point, because I am dealing with education, tourism and the environment, but I will leave out the environment right now and deal only with tourism. There is a tourism transfer tax, I am sure you remember, Mr. President, because you were part of that particular committee. When we were dealing with the transfer of, let us say a villa with respect to the integrated resort development, we did not want people actually utilizing this particular provision within the development for real estate purposes, and we introduced a tourism transfer tax.

It was not a punitive measure really, it was to prevent that kind of speculation in terms of that kind of real estate usage, and it was for a specific purpose the tourism transfer tax was introduced. I think it was really for the buyer within the resort development, but again, it was brought on as a measure to prevent speculation. This particular measure, while it is welcome, will benefit a very few.

8.45 p.m.

If you look and if you trace back the history of the real estate market and the speculations on real estate you will see who are the ones purchasing these \$850,000 homes and upwards. Certainly, it is not the senior citizens. With this \$300 allocation I do not know if they could afford a mortgage to purchase a \$850,000 home. [*Interruption*] I was just making reference to that particular area. But again, if your purchasing power is decreasing—

As I close, what is really heartbreaking with this economic meltdown is that there are so many advances in technology that can be utilized now; there is so much in terms of the electronics that is available now, in terms of televisions and

the new high definition television but nobody can afford them and the prices are not going to reach anyone. We had the opportunity over the last seven years in terms of saving for a rainy day and now we are going to have thunderstorms again—I do a little weather forecasting but nothing to do with forecasting in terms of the financial status of the country. I hope that the Minister of Energy and Energy Industries is correct in terms of the price of oil going back up and the price of gas. I already made reference to that, and of course do not forget the extract of President Obama's speech with respect to clinging to power through corruption and deceit.

I thank you, Mr. President.

Mr. President: Minister, I just want to ask you to hold on before I call on you. I just want to clarify the issue, what it takes to catch my eye. Senator, with the greatest of respect you waved your hand at me, which I do not object to. But I do not think it is fitting for a Senator to be waving his hand like someone in school.

What is expected, in the Parliament is that you either rise in your chair or what has been the practice is you just press the button and the first red light that will catch my eye. What in fact is far more effective, is that before one speaker finishes catch my eye let me know that I want to go next. What has been the practices, some of the more senior Senators on the Government side do exactly that and therefore we have far less confusion coming from the Government side, and therefore that, quite frankly is a more effective way of making sure that you do get my attention.

Somebody else may have done it first, in which case I will go to that person, but at least I will notice that you do wish to speak. At this point, at the beginning of this afternoon I had no idea who wanted to speak. I do not know where I should be looking, so it would simply help me a great deal.

As I say Senator, I mean no insult, but I do not think that it is fitting if I ask you to behave in any kind of a way other than is fitting of your status and that is as a Member of the Senate, so rise or press the button or something of the sort. Okay!

The Minister in the Ministry of Finance (Sen. The Hon. Mariano Browne): Thank you very much, Mr. President. I wish to thank my colleagues who contributed to today's debate and to the Senators on the Independent Bench as well as to the Senators on the other side. I apologize also for the difficulty in speaking as I have had a throat infection which has given me some difficulty.

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Mr. President, I am sure President Obama would have been horrified to hear the quotation coming from you in the manner in which you had used it. Particularly, since I had allowed you the latitude of speaking given the fact that I did catch the President's eyes and was very much at liberty to continue. I thought it was very ungracious of you to speak in that way with regard to our exercising our democratic right and allowing you to exercise yours.

With respect to the Bill, I want to thank the Opposition for amending the points I have made with regard to the pension and certainly with regard to the Senior Citizens Grant, and once again for the opportunity to clear for the national community the purpose of the Senior Citizens Grant. Now, I have heard it said and many quotations made from letters to the editor, letters to the press which have indicated that people have in a sense been disenfranchised or in some way have been penalized. That is not so! In fact, I thank also, Sen. Prof. Deosaran for commenting on my article which I had written and attempted to clarify that matter, and I want to just read one sentence: "The State recognizes its responsibility for its citizens and citizens also have a responsibility to save during the working lives and plan for their retirement as best as they can."

The Senior Citizens Grant is to recognize those people who did not, who have not and who have fallen on difficult circumstances even with best efforts. So it is not meant to disenfranchise or in any way hurt those who have made their best efforts. It recognizes that some people will not make it. We also understand and I want to make the point and I think the point was very well made on Friday by the Minister of Social Development when he made the point that the qualifications for the Senior Citizens Grant have remained unchanged since 1939, whether NAR was in office, whether the UNC was in office and whether we were in office, and that is that there is a residency qualification and there is an income qualification. Those provisions are not new.

What has changed is that we have increased the income qualifications, we have also recognized that in a sense that those persons who are receiving NIS—and by the way the NIS is not the only pension that people receive. You will receive an NIS as a minimum pension in accordance with your level of contributions but most people or many people who are now retiring do have the benefit or some form of pension plan in addition to the NIS pension. The provision in this particular measure in the Finance Bill recognizes Government's intention of putting in a minimum floor on pensions to public servants.

In that regard, it will be worthwhile to quote from the *Financial Times* on Friday, November 28, 2008 and it is called "The pension divide".

“Providing for a nation’s old age is probably the longest-term issue facing any government...”

It goes on to say:

“Yet public sector pension reform is a slow and controversial process. The state cannot withdraw the pension rights that workers have already earned. Few politicians have the stomach for a fight about future provision for existing workers. Changes take decades.”

I just simply make the point to say it demonstrates its relevance, to demonstrate that other societies more developed than us, other societies which have had long histories of pension legislation themselves are going through a difficulty in terms of moving from a defined benefit to a defined contribution plan and in determining at what levels and at what prices too the pensions stay. Including, I might add, the vexed question of retirement age. Then there is the retirement age, and while some recent recruits would quit their jobs at 65, most existing employees can retire at 60. Private sector workers expecting to work in their 70s can only look on and envy while forking out the taxes to pay for others longer retirements. In our system, public servants can retire at the earlier age in their 50s. I just simply make the point that those are the sort of issues that we will face as we move forward.

This Bill simply sought to put into position the recognition of a minimum pension, recognizing people who would have retired in their 50s, in their 60s and who would still be alive. It is simply a recognition that the State has a responsibility for those in a fixed income position than to recognize the possibilities of the requirement to deal with that. I fully also understand the point that we also need to take into consideration the issue of quality, and quality unfortunately, is not a number that is easily captured in dollar value terms.

I think the point that Sen. Prof. Deosaran made, very clearly the question of poor service to senior citizens and I want to say that I myself as a future citizen, that is something that I am concerned of and at the same token I have a mother who is 85 years old and I understand that the history of the provision of health care [*Interruption*]—a future—me a future senior citizen. Me, a future senior citizen, sorry. So, there is a need for balance; there is a need for us to ensure that the caring society that we talk about is not only at the level of the social safety net which is well in position and working, Sir, notwithstanding anything that you may say to the contrary. It is in position and it is working, otherwise we would not have had that howl of derision when that error was made, for whatever reason it was made.

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Now, also with regard to the question of the Government to come clean with regard to the adjustment process: Early in the day when energy prices started to decline and people immediately called for a revision of the budget, immediately called for some changes, some recognition of what was taking place, my response was, at the time, that it was too early and that we needed time. That was in October. The Prime Minister came to this Parliament and set on record a methodology and a formula by which the budget would be adjusted and expenditure adjustments would take place. And at the time it was clear that we had sufficient room on the basis of those numbers that were used at that point in time.

When it became clear that the revenue numbers had again declined, positions changed, as they must and as they were recognized; once again the Prime Minister addressed the Parliament and addressed the nation and indicated adjustments would be made but at the same token the Government will do what is required to maintain spending and to maintain the social safety net. The rationale for that being not merely the question of honouring a contract from the point of the social safety net, but also recognizing that there is need to maintain an orderly progression in the face of a disorderly market.

What was also clear is that it was possible to finance it within the balance of our means. Surpluses that have been recognized over the last five to six years by definition are in the Consolidated Fund or the various funds which remain at the Central Bank.

Debt charges, and that is the repayment of interest is a charge on your current revenue. It is a part of your current expenditure, but balances which had been saved in the past remain available to repay capital sums at such time in the future. Therefore, negativity which is attached to deficit financing—and I heard a few numbers and I heard a few things which were suggested in that regard—does not apply in these situations inasmuch as there is a considerable surplus which has been rebuilt over time. I remember in the debate, not too long ago when Sen. Mark—

Sen. Dr. Charles: What funds?

Sen. The Hon. M. Browne: Several funds. If you look on page 141 of Volume 1 of the statutory accounts you will see a statement of assets and liabilities of the Government at any one point in time and you would notice that it is positive. Those balances are held with the Central Bank, and when we deal which the Supplementary Appropriation which will take place on Tuesday, the position would become even clearer.

Suffice it to say that notwithstanding the difficulties that are taking place in the external market at this stage, there is no modality or mechanism under the rubric of the financial rules that currently exists that allows us to use the savings from the past to bring it into the current revenue. It is not possible, but it is possible for us to use those funds to repay debt in the future, so therefore any borrowing that would be done does not have to be financed by raising additional taxes in the future. It does not have to! So it is possible for us to do so without affecting the fiscal balance unduly into the future and for that reason I want to support the words of my colleague which indicates that there is wiggle room for us in the future. I just want to make that clear.

Government's ability to pay; revenues looked too high. Well, I think I have dealt with that in terms of how it is going to be financed and how it is going to be dealt with in the future, and I want to make the point that the Government has been very clear in coming to the country and saying where we stand and what it wishes to do. We are not in the position, as for example many developed countries find themselves where they have been in deficit or in recession. We have not been in deficit. We are not in a situation where the level of public debt has been—for want of a better word—high and puts the country at risk or at risk of inflation. In fact, looking over the numbers during the course of this debate on page 12, I think, of the *Economic Bulletin* which is published by the Central Bank, and I had cause to look at the inflation numbers moving forward over the past and the most important point I think—forget about the headline inflation and we know why that has gone up.

9.00 p.m.

But the most important point in terms of the percentage contribution over the last seven years, what is the most significant number? Well, it turns out that the most significant contributor to inflation for the last seven years has been food prices. What was the most significant contributor to inflation over last year? Again, food prices. Why food prices? Imported food prices, and that clearly defines a way that we must use moving forward to deal with our domestic economy, and in fact to get domestic production in food going. That is a clear requirement and that is understood. It will take time. Those resources are not easily deployed and as any farmer will tell you, it takes a little while to bring a field into production and to bring it into production continuously. So those are things that we must face.

With respect to the natural gas pricing and with regard to the falling revenue, I think the Minister of Energy and Energy Industries has addressed those issues

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well. With regard to productivity as we move forward, those are issues that we must face and the country must face. It is not merely a question of the money that we spend, it is also a question of the value that we get for it, and that is an issue that the country must face at every level in addition to the issue of quality and quality goods and services.

Ladies and gentlemen, I think that these revenue measures have been debated time and time again. In fact, we are probably debating it about the fourth time.

Sen. Mark: This is not the private sector. You address us as Senators.

Sen. The Hon. M. Browne: Sorry! Sorry! I take the point, thank you very much, hon. Senator. Senators, we have debated these measures. They are not new. We have debated them as part of the budget speech. We have debated them as part of the adjustment process. In that regard, I beg to move. [*Desk thumping*]

Question put and agreed to.

Bill accordingly read a second time.

Sen. The Hon. M. Browne: Mr. President, in accordance with Standing Order 63, I beg to move that the Bill not be committed to a committee of the whole Senate.

Question put and agreed to.

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

Bill accordingly read the third time and passed.

ADJOURNMENT

The Minister of Energy and Energy Industries (Sen. The Hon. Conrad Enill): Mr. President, I beg to move that the Senate do now adjourn to Tuesday, January 27, 2009 at 10.00 a.m. The Bill to be debated would be the Finance (Supplementation and Variation of Appropriation) Bill and that Bill seeks to close the accounts for the last fiscal year. It has to be completed in order to meet the deadline of January 31, 2009. That is the statutory deadline.

In normal circumstances, January 27, 2009 would have been Private Members' Day and by agreement, Private Members' Day will now be the Tuesday following January 27, 2009.

CONDOLENCES

(MR. IRWIN MERRITT)

(DR. DAVID QUAMINA)

Mr. President: Hon. Senators, we have the passing of two former members of the Senate: Mr. Irwin Merritt and Dr. David Quamina. Members may now say a few words of condolences.

The Minister of Energy and Energy Industries (Sen. The Hon. Conrad Enill): Thank you, Mr. President. It is with profound sadness that on behalf of the Government of the Republic of Trinidad and Tobago and the People's National Movement, I rise to pay tribute to Mr. Irwin K. Merritt on the occasion of his sudden passing on Friday, January 16, 2009.

The late Irwin Merritt served the people of Trinidad and Tobago at the municipal and national levels as City Councillor and Senator for the 1971—1976 term. An early and enthusiastic member of the People's National Movement, Irwin Merritt served the party in several significant capacities.

Port of Spain Mayor, His Worship Murchison Brown informed us of Merritt's persuasiveness as a recruiter for the party. Port of Spain Mayor tells the story of how as a primary school pupil, it was Irwin Merritt who aroused his enthusiasm for political activity, which caused him to be engaged in writing up and distributing voters cards for Dr. Patrick Solomon, who in those days successfully contested the Port of Spain South seat for the People's National Movement.

Mr. Merritt was PNM's Public Relations Officer which made him a member of the General Council and Central Executive, its principal governing bodies. Mr. Merritt served as a political advisor to Dr. Eric Williams, Trinidad and Tobago's first and only Chief Minister and Premier and first Prime Minister. He also served on the screening committees which selected PNM candidates to contest all public elections.

Mr. Merritt also served the party as Editor of the *PNM Weekly* and its successor *The Nation*, through the pages of which deposited messages of the PNM and the PNM's counter to the many negative portrayals, frequently publicized, were vigorously presented.

Additionally, Mr. Merritt served the then Industrial Development Corporation as Public Relations Officer in his New York office. He was also a teacher at the Progressive Educational Institute, whose founder and principal was Mr. Hamilton Holder, a former Mayor of Port of Spain and an Insurance Advisor with Algico.

Condolences
[SEN. THE HON. C. ENILL]

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Mr. Merritt's important contribution to party and country, though outside the glare of publicity were no less important and significant on that account. It is to dedicated national servants like Irwin Merritt, that country and party will forever owe an eternal debt of gratitude.

May I, Mr. President, on behalf of the Government and the people of Trinidad and Tobago, extend to former Senator Irwin Merritt's wife, Lystra and family, our deepest condolences and great appreciation for his life of unstinted service.

We wish, Mr. President, on behalf of the People's National Movement, to pay tribute to Dr. Bernard Ebenezer Quamina. Dr. Quamina, according to the information available to us, died on Sunday, December 21, 2008 and was cremated on December 27, 2008.

He had a career background as a specialist physician and consulting dermatologist; worked in private practice; a former Vice-Chairman of the North West Regional Health Authority; former head of the Port of Spain General Hospital; former Chairman of the Trinidad and Tobago Music Festival Committee; and former President of the Trinidad and Tobago Association for the Hearing Impaired.

He served as an Independent Senator for the period January 11, 2001 to October 09, 2001, and during the period 2002 to 2005, he was appointed as an Independent Senator in the Eighth Republican Parliament. Dr. Quamina had made a national contribution and as a Member of this Senate, assisted in shaping legislation for which we would all be eternally grateful.

We on this side wish to associate ourselves and extend to his family, our deepest condolences and our appreciation for his service to the Parliament and the people of Trinidad and Tobago.

Sen. Wade Mark: Thank you, Mr. President. On behalf of the Opposition and the United National Congress Alliance, we would like to extend to the respective families and close associates of the late Dr. David Quamina, and former Senator, Irwin Merritt, our deepest condolences on their passing in December 2008 and January 2009, respectively.

I had the opportunity of knowing the late Dr. Quamina as a fellow Senator. He served here for a few years. He was here in 2001 I think, and he was also here between 2002 until his retirement from the Senate in 2005. I found him to be a very quiet, almost unassuming, very approachable and soft spoken individual. He brought to bear his vast medical knowledge, particularly on health related issues that came before this honourable Senate.

Condolences

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I myself had the opportunity as a former public officer of serving as secretary to a health committee which was chaired by his former wife, who has now gone to the great beyond, Dr. Elizabeth Quamina. So I had the opportunity of really knowing both Dr. Quamina and his wife, Elizabeth.

As it relates to our concern, the former Senator Irwin Merritt, I can only go after what I have been informed. I heard about Mr. Irwin Merritt. I never had the opportunity of meeting him personally, but I know he was a member of the People's National Movement and like all citizens, he made his contribution not only to the party, but also to the country. And more importantly, while he was in the Senate, he made his contribution as a Senator.

They have now both passed on, that is Dr. Quamina and also Mr. Irwin Merritt, and we in the Opposition and the United National Congress Alliance would like to extend to the families of the late Senators, our profound condolences and to hope that the Almighty God grant them eternal rest and peace, and may their souls rest in peace.

9.15 p.m.

Sen. Prof. Ramesh Deosaran: Mr. President, we are called upon tonight to remember the passing of two former Senators, Mr. Irwin Kenneth Merritt and Dr. David Bernard Ebenezer Quamina.

We are usually called upon to do so because we seek to celebrate the best for which such gentlemen stood, and for which they presented themselves to us so that we too, among the living, will use those examples to improve our own lot. It is therefore a celebration as well as a remembrance of their passing.

Mr. Merritt as has been mentioned by the Leader of Government Business and the Opposition Leader in the Senate—served his party at the very basic level. He served the PNM as a loyalist, and those of us who remember his writings as Editor of *The Nation*, that once very powerful organ of the People's National Movement, you could recognize his contribution that helped to lay the solid foundation that has made this PNM party such a long-lasting entity.

It is therefore very fitting that the former Sen. Merritt be remembered, not only by his party, but by the country for the contribution he has made to the political life of Trinidad and Tobago. Many of the things that the members of the PNM enjoy today are really due to the efforts of such people as Senator Irwin Kenneth Merritt.

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In the second instance, Mr. President, the very distinguished Dr. David Bernard Ebenezer Quamina sat with us on the Independent Bench, and it is for that reason I feel deeply obliged and in a sense grieved to have known such a distinguished gentleman and having to stand here tonight to note his passing.

On behalf of the Members of the Independent Bench, I wish to extend to his family and children our sympathy. It is noteworthy that he has not only served as an Independent Senator having been chosen in 2001 and in the next Parliament 2002 in which he served for about four years, his professional life is an astounding example for the medical profession in this country.

He not only worked as a doctor, he never felt employed, he always saw himself as a doctor in public service to the point where he served as chairperson of several government committees, and commissions all in the name of building a strong medical profession that provided service to all alike. Those doctors and other persons who remembered Dr. Quamina would recognize his professional dedication. That is why I said earlier on, those of us who can remember the best that such people brought forward should use those things to improve our own lives. In this case, the medical profession today will do well to know much more about Dr. Quamina and what they themselves can do to improve their own profession.

He was, to put it in one word—and all who had known him would attest to this. If there is one word you can use to describe Dr. Quamina apart from being a dedicated professional, it is the concept and practice of being a gentleman, extremely civil, very courteous at all times. He was a cultural connoisseur but never a cultural fanatic. He always facilitated—and those of us who sat on the Independent Bench as I did for many years, remember him with fondness and, of course, naturally grieve at his passing. As a Member of the medical profession recently put it, indeed Dr. Quamina has left a void in the medical profession which I believe doctors will quickly try to fill. So he has left his children and members of his family to carry on and in fond memories of the late Dr. Quamina.

Once again, we extend our sympathies to the family of the late David Bernard Ebenezer Quamina.

Mr. President: Hon. Senators, having lost again two former Members of this Senate we must be mindful of the changes that naturally take place as time goes by. Many of us, I think, tend to take the changes for granted and it is on occasions like this when we look back at the gentlemen such as Irwin Merritt and David Quamina we could stand on their shoulders.

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In their own fields of endeavour, they did things to make a difference, to serve the people in a way they felt was to the best interest of the country. We must recognize that, and as we look at one another, recognize that each one of us here is attempting to do the same thing and we must look at the good intentions and honourable deeds of Members of this Chamber both present and past, and we must learn the lessons of the past and look at Members like them and think how we would be remembered in the future.

These two gentlemen we can remember fondly and favourably and so it should be. I did not know Sen. Merritt, but I knew Dr. David Quamina quite well. His loss is a big one to us and his family and so is the loss of Sen. Merritt to his family and, therefore, from myself, my family and the Members of the Red House, the staff and security, I extend deepest sympathy and condolences to both families.

I ask the Senate to stand for a minute in silence.

The Senate stood.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 9.23 p.m.