

SENATE

Friday, January 15, 2016

The Senate met at 1.30 p.m.

PRAYERS

[MADAM PRESIDENT *in the Chair*]



LEAVE OF ABSENCE

Madam President: Hon. Senators, I have granted leave of absence to Sen. The Hon. Dennis Moses who is out of the country and Sen. Daniel Solomon who is ill.

SENATORS' APPOINTMENT

Madam President: Hon. Senators, I have received the following correspondence from His Excellency the President, Anthony Thomas Aquinas Carmona, S.C., O.R.T.T.:

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency ANTHONY THOMAS
AQUINAS CARMONA, O.R.T.T., S.C.,
President and Commander-in-Chief of the
Armed Forces of the Republic of Trinidad and
Tobago.

/s/ Anthony Thomas Aquinas Carmona O.R.T.T. S.C.
President.

TO: ROHAN SINANAN

WHEREAS Senator Dennis Moses is incapable of performing his duties as a Senator by reason of his absence from Trinidad and Tobago:

NOW, THEREFORE, I, ANTHONY THOMAS AQUINAS CARMONA, President as aforesaid, in exercise of the power vested in me by section 44(1)(a) and section 44(4)(a) of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, ROHAN SINANAN, to be temporarily a

UNREVISED

member of the Senate, with effect from 15th January, 2016 and continuing during the absence from Trinidad and Tobago of the said Senator Moses.

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, 2016.”

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency ANTHONY THOMAS AQUINAS
CARMONA, O.R.T.T., S.C., President and
Commander-in-Chief of the Armed Forces of the
Republic of Trinidad and Tobago.

/s/ Anthony Thomas Aquinas Carmona O.R.T.T. S.C.
President.

TO: MR. WAYNE ANTHONY MUNRO

WHEREAS Senator Daniel Solomon is incapable of performing his duties as a Senator by reason of his illness:

NOW, THEREFORE, I, ANTHONY THOMAS AQUINAS CARMONA, President as aforesaid, in exercise of the power vested in me by section 44(1)(b) and section 44(4)(b) of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, WAYNE ANTHONY MUNRO, to be temporarily a member of the Senate with effect from 15th January, 2016 and continuing during the period of illness of Senator Daniel Solomon.

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, 2016.”

UNREVISED

OATH OF ALLEGIANCE

Senators Rohan Sinanan and Wayne Anthony Munro took and subscribed the Oath of Allegiance as required by law.

FINANCE BILL, 2016

Bill to provide for the 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 of Finance*]; read the first time.

Motion made: That the next stage be taken at a later stage of the proceedings.
[*Hon. C. Imbert*]

Question put and agreed to.

PAPERS LAID

1. Delegation Report on the 17th Biennial Conference of Presiding Officers and Clerks of the Commonwealth Parliamentary Association of the Caribbean, Americas and the Atlantic Region, Paget, Bermuda October 25 to 29, 2015.
[*The Vice-President (Sen. Nigel De Freitas)*]
2. Annual Report of the Public Service Commission for the year 2014. [*Sen. N. De Freitas*]
3. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Eastern Regional Health Authority for the year ended September 30, 2013. [*The Minister of Finance (Hon. Colm Imbert)*]
4. Report of the Central Bank of Trinidad and Tobago to the High Court with respect to the Progress of Proposals to Restructure CLICO, BAT and CIB for the quarter ended September 30, 2015. [*Hon. C. Imbert*]
5. Annual Report of the Trinidad and Tobago Securities and Exchange Commission for the financial year ended September 30, 2014. [*Hon. C. Imbert*]

6. Annual Audited Financial Statements of the Trinidad and Tobago International Financial Centre Management Company Limited for the year ended September 30, 2015. [*Hon. C. Imbert*]
7. Administrative Report of the National Entrepreneurship Development Company Limited (NEDCO) for the period October 2013 to September 2014. [*The Minister of Labour and Small Enterprise Development (Sen. The Hon. Jennifer Baptiste-Primus)*]
8. Administrative Report of the Occupational Safety and Health Authority and Agency (OSHA) for the period October 2013 to September 2014. [*Sen. The Hon. J. Baptiste-Primus*]
9. Annual Administrative Report of the Cipriani College of Labour and Co-operative Studies (CCLCS) for the period October 2013 to September 2014. [*Sen. The Hon. J. Baptiste-Primus*]
10. Commissioner of Police and Deputy Commissioner of Police (Selection Process) Order, 2015. [*The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan)*]
11. Appointment of the Commissioner of Police and Deputy Commissioner of Police (Qualification and Selection Criteria) Order, 2015. [*Sen. The Hon. F. Khan*]
12. Annual Report of the Criminal Injuries Compensation Board for the financial year 2012-2013. [*Sen. The Hon. F. Khan*]
13. Annual Report and Unaudited Financial Statements of the Trinidad and Tobago Civil Aviation Authority for the financial year 2014/2015. [*Sen. The Hon. F. Khan*]
14. Annual Report of the Industrial Court of Trinidad and Tobago for the period September 22, 2014 to September 14, 2015. [*Sen. The Hon. F. Khan*]

15. Annual Administrative Report of the National Commission for Self Help Limited for the period October 2013 to September 2014. [*Sen. The Hon. F. Khan*]

ORAL ANSWERS TO QUESTIONS

Arms of the Protective Services (Arrears and Recurrent Expenditure)

11. **Sen. Wade Mark** asked the hon. Minister of Finance:

Could the Minister provide the Senate with estimates of the quantum of arrears, as well as recurrent expenditure quantum in relation to recent collective agreement settlements, involving all arms of the protective services, inclusive of the Defence Force?

The Minister of Finance (Hon. Colm Imbert): Madam President, the following is a breakdown of the quantum of arrears as well as recurrent expenditure allowances, including commuted overtime and travelling, in relation to the recent collective agreement settlements for the arms of the protective services namely the Trinidad and Tobago Defence Force which involves the Regiment, the Coast Guard and the Air Guard, the Trinidad and Tobago Police Service, the Trinidad and Tobago Fire Service and the Trinidad and Tobago Prison Service.

For the Defence Force, the arrears, \$726,643,806; recurrent expenditure for the fiscal year, \$1,031,236,444. For the police service, arrears, \$1,166,989,069; recurrent expenditure for the fiscal year, \$1,358,980,731. For the fire service, arrears, \$431,584,000; recurrent expenditure, \$362,216,000. Prison service, arrears, \$341,600,000; recurrent expenditure, \$723,640,000.

The total arrears for all arms of the protective services that we now have to pay is \$2,666,816,875. And the recurrent expenditure for all arms of the protective services for the fiscal year, \$3,476,073,175.

Sen. Mark: Madam President, you will have to guide me on this one. Could the

hon. Minister indicate to the Senate, based on the numbers that he has just outlined, what particular time frame does he have in mind—given the straitened economic and financial circumstances of the country—for paying or meeting these arrears?

1.45 p.m.

Madam President: That actually does not qualify as a supplemental, based on the question you had asked, Sen. Mark.

Sen. Mark: Okay. Thank you.

**Police Management Agency/Police Service Inspectorate
(Rationale for)**

12. Sen. Wade Mark asked the hon. Minister of Finance:

- A. Could the Minister provide the Senate with a rationale for the allocation of \$1M toward the establishment of a Police Management Agency?
- B. Further, could the Minister provide a rationale for the establishment of a Police Service Inspectorate with an allocation of \$1M which is supposed to treat with potential abuse of state power and any overreach by the Police Service?

The Minister of Finance (Hon. Colm Imbert): In response to part A: Madam President, in keeping with the Government's thrust to modernize the Trinidad and Tobago Police Service, it is proposed that a Police Management Agency be established. The management of this agency will be to develop the necessary leadership expertise, skills and professionalism that will take this arm of our nation's protective services forward. The agency will set and maintain the ethics and values which will underpin the professional culture of the police service. It

will also deploy strategic and scientific resources in all areas. In summary, the Police Management Agency will:

- develop the necessary leadership expertise;
- uphold accountability;
- develop the skills and professionalism of the workforce;
- enhance the capability to plan and execute police operations;
- implement effective operational processes, practice and doctrine;
- set and maintain the ethics and values that need to be embedded in the service's professional culture;
- ensure that service delivery is optimized; and
- ensure that strategic and scientific resource management is deployed in all areas.

In launching any business, agency or organization, there are costs associated with the start-up. The Ministry of National Security has been prudently allocated \$1 million towards these expected expenses. These would include the acquisition of the requisite office space, equipment, technological expenses, staffing and miscellaneous expenses. Additional funds will be provided in the mid-year review if required.

The response to part B: Madam President, in order to develop trust and confidence in the Trinidad and Tobago Police Service, the Police Service Inspectorate was envisaged to treat with potential abuse of state power and any overreach by the police service in the discharge of their duties. It is expected that this Inspectorate will ensure quality assurance and have oversight of police operations and will be held accountable through annual reporting to Parliament.

Similar to the establishment of the Police Management Agency, there would be certain expenses associated with establishing the Police Service Inspectorate.

The \$1 million would go towards anticipated expenses, such as the acquisition of office space, equipment, technological expenses, staffing and miscellaneous expenses.

Sen. Mark: Madam President, could the hon. Minister indicate whether legislation would be required to bring these particular agencies into existence, and whether they will constitute statutory organizations or bodies?

Hon. C. Imbert: That is another question. Please file it and I will answer it.

Governor of the Central Bank

(Removal as Alternative Governor to IMF)

13. Sen. Wade Mark asked the hon. Minister of Finance:

Could the Minister state whether the Governor of the Central Bank of Trinidad and Tobago has been officially removed as the Trinidad and Tobago Alternative Governor to the International Monetary Fund, and if so, by whom?

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam President. In response to question 13: Madam President, a Cabinet decision was made in October 2015 in line with appointments to all international financial institutions and the alternate Governor for the International Monetary Fund is the Permanent Secretary, Ministry of Finance.

Sen. Mark: Madam President, could the hon. Minister indicate whether this is a permanent policy that will be carried out by the Cabinet through the Central Bank in the future? He said it is a policy, or decision, taken by the Cabinet to have the Permanent Secretary as the alternate Governor. I am asking the question whether that is a permanent policy.

Madam President: Minister of Finance.

Hon. C. Imbert: That is another question. Please file it and I will answer it.

Sen. Mark: That is a follow-up question, Madam President.

Madam President: Well, to ask the question, Sen. Mark, whether something is a permanent policy, I am not sure how that can be answered.

Sen. Mark: Could I ask the hon. Minister whether the Cabinet's decision was a purely temporary measure and whether there is an intention to revisit that policy in the future?

Hon. C. Imbert: That is another question. Please file it and I will answer it.

Sen. Mark: That is the arrogance of the Minister.

WRITTEN ANSWERS TO QUESTIONS

The Minister of Rural Development and Local Government (Sen. the Hon. Franklin Khan): Madam President, for the record, written answers were submitted to questions Nos. 5, 22 and 30. That has already been circulated to the House.

Public Sector Reform (New Initiatives Undertaken)

5. **Sen. Wade Mark** asked the hon. Minister of Public Administration:
- Could the Minister indicate what new initiatives are being undertaken to promote public sector reform, inclusive of the public service?

National Gas Company (Tax Profits/Quantum of Bonuses)

22. **Sen. Wade Mark** asked the hon. Minister of Energy and Energy Industries:
- A. Could the Minister state what were the after tax profits of the National Gas Company for the years 2010 to 2015 inclusive?
 - B. Could the Minister provide the Senate with a breakdown of the quantum of bonuses received by the employees or staff of the NGC for the years 2010 to 2015 inclusive?

Vide end of sitting for written answers.

FINANCE BILL, 2016

The Minister of Finance (Hon. Colm Imbert): Thank you very much, Madam President. I beg to move:

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

Madam President, the Bill before the House seeks to address a number of manifesto promises made by the People's National Movement and also seeks to start the reform of the revenue collection system in Trinidad and Tobago. The Bill is in line with the Government's macroeconomic strategy, giving priority to much needed fiscal adjustment while at the same time setting the stage for medium-term growth.

Madam Speaker, this administration, upon assuming office, met our economy with significant fiscal and external imbalances caused in part by the collapse of oil prices, but also caused by inappropriate macroeconomic policies. Since the national budget the oil price has declined even further, and currently international oil prices are at their lowest level since the last 12 to 13 years, Madam President. Sorry, not "Madam Speaker". I apologize. "Madam President".

In fact, I have just checked the price of West Texas Intermediate and it is \$29.20. Brent is very close. Brent is \$28.96. In fact, we have a very strange phenomenon where Brent is now lower than West Texas Intermediate. Normally Brent would be \$4 or \$5 higher than West Texas Intermediate. And natural gas is now \$2.10, Henry Hub. Now, Henry Hub was \$2.40 when I introduced this Bill into the other place on Monday. So it just goes to show how volatile commodity prices are. I personally did not think that oil prices would drop below \$30, but they have, and you now have Brent below \$29. So maybe this prediction of \$20 oil is true. Who

knows? We shall see.

And you have the situation with Iran where they are making progress with respect to their nuclear treaty and it is expected that Iran's production will come back into the market in the short to medium term, and that will add to the oversupply in the world market. So that this enormous energy shock, combined with a reduction in domestic oil and gas production—the last time I checked our production is somewhere in the vicinity of 75,000 to 76,000 barrels a day, which is significantly less than it was five years ago, when it was approximately 100,000 barrels a day. So we are down 25 per cent in terms of production and prices are now below \$30. So that everyone in Trinidad and Tobago has to understand the reality of the situation that we are in. It is no laughing matter. It is serious.

Now, tax collections from the energy sector averaged \$26billion, or just over 16 per cent of GDP for the period 2010 to 2014. In 2014 they began to fall. They fell to \$19 billion, or 11 per cent of GDP. In 2015 they fell to \$12 billion or 7 per cent. Sorry, 11 per cent in 2015 and are projected to fall to \$12 billion or 7 per cent of GDP in 2016.

Regrettably, the consensus is that the global energy markets for oil and gas are likely to remain depressed for several years in terms of the slowdown of the world economy and the overproduction coming out of Saudi Arabia, in particular. You also have the Americans with their shale oil and their shale gas. And if I can just digress, Madam President, in my personal opinion the Saudi Arabians have miscalculated, because my understanding is that the American scientists have been working assiduously to reduce the cost of shale oil and shale gas production. Where the Saudis believed that once they dropped oil below \$50 it would cripple and crush the shale oil and shale gas industry in the United States, the American scientists are now bringing the prices down to \$35/\$30 in terms of the cost of

production. So I think the Saudis are in a bit of a pickle because they have miscalculated the Americans' capacity to produce oil at very, very low prices, but they jumped in and now they are finding it hard to jump out, even though it is affecting their own economy.

So we are just a small fish in all of this. We are just an observer in this battle between Saudi Arabia and the United States over control of oil production in the world and, unfortunately, there is absolutely nothing we can do in Trinidad and Tobago to influence the price of oil or the price of gas for that matter.

Now, Madam President, there is no direct relationship between the price of gas and the price of oil, but they follow each other, because each one is a fuel that is used to generate electricity or for heating, as the case may be, and as the price of one fuel drops, the price of the other fuel will drop because people have options. So as oil drops, gas follows because it is an optional fuel for the production of electricity and so on. So that gas prices are also dropping.

Let me say at the outset that we are not tied to Henry Hub per se. Just about 20 per cent of our exports, if that much, are influenced by Henry Hub. The other 80 per cent are influenced by the prices our gas fetches in South and Central America, in Europe and in the Far East where the prices are much higher. So even though I have told you, Madam President, through you—I have told hon. Senators—that the price of natural gas at Henry Hub is \$2.10 today, you still have prices being fetched in South America, \$6, \$7; prices in Europe again, \$6, \$7 and prices in the Far East, \$6, \$7. And I am told that the netback price for Trinidad and Tobago's gas is still in the vicinity of \$2.70, and our budget was \$2.75.

But all of this is having a severe adverse effect on the revenues of the country. I asked the Budget Division to do a small calculation for me and what they have told me is that if oil averages \$40 for the whole of the fiscal year—and again we have

to put this in context because the budget is based on an average price for the entire fiscal year—the price, I am told, for December, was in the vicinity of an average of \$40. Sorry. The price for October was in the vicinity of an average of \$45. It then dropped to \$40 in November, and in December it dropped below \$40.

So the average price for the first quarter of this fiscal year, I am told by the Ministry of Energy, was in the vicinity of \$40, \$5 below the budget. But, of course, it is continuing to go down. So the average for the first four months is going to be below \$40.

2.00 p.m.

I cannot predict what will happen in February, in March—none of us can—in April and so on. But our oil income and our budgetary income is predicated on an average price of \$45 for the fiscal year.

At present, with the current trends, I am anticipating a budgetary shortfall of somewhere in the vicinity \$2.46 billion, if current trends continue, and we in the Ministry of Finance will keep monitoring the effect of the fall in oil prices and the consequent drop in gas prices to see what effect it is having on our revenues.

So this is the context of this Finance Bill, Madam President. I want to stress at the outset, this is not the midterm review. We have not completed the work necessary to present to you detailed and comprehensive information on the performance of the local economy. This will be done at the time of the mid-year review which will be in April. So I just want hon. Senators to know, although we have some information on the financial outturn, we have not yet completed our work in terms of the mid-year review.

The Bill before us is largely to give effect to measures announced in the budget including the reform of the value added tax regime, the increase in the personal allowance for lower income wage earners, the increase in the business levy, the

increase in the green fund levy, and also measures to provide relief to senior citizens.

With respect to other matters such as the gambling and gaming legislation, we will address that later in this year. Certainly before June is it my plan to bring the Gambling and Gaming Bill to the Parliament so that we can complete the process of regulation of that largely unregulated sector at this time where there is considerable tax evasion and leakage of revenue, simply because it is unregulated. Nobody really knows how much money is spent and earned in the gambling sector. It is also my intention to bring a simple amendment to the property tax legislation to allow for this year, 2016, that the amount of property tax that will be charged in this 2016, would be exactly the same as people paid in 2009. So if someone paid \$1,000 a year in 2009, they will be called upon to pay \$1,000 in 2016. If you paid \$100—and there are lots of people like that—you will be called upon to pay \$100. So that this Bill also does not deal with the property tax.

With respect to the insurance sector, again it is my plan, time permitting, to bring the finalized Insurance Bill to the Parliament by June of this year; we also intend to bring legislation to separate the Heritage and Stabilisation Fund by June of this year; we have the closing of the accounts which this place will be asked to address within the next week or so; and then I have a Finance Bill No. 2 which I plan to bring in February, which will deal with incentives for construction, incentives for public/private partnerships, incentives for housing and other elements of construction intended to stimulate the economy. So that is a broad overview of the legislative agenda of the Ministry of Finance over the next six months or so.

With respect to the Bill now. The reform of the VAT that we are presenting to this honourable Senate has three main aspects: reducing the incidence of zero-rating, reducing the VAT rate, and increasing the VAT registration threshold. In terms of

reducing the number of items that are zero rated, value added tax is a major source of revenue in most developed as well as developing countries. The importance of value added tax in most countries reflects the need to strike a balance between the taxation of consumption and the taxation of income because the taxation of income is more likely to serve as a disincentive to production and labour.

This is why under the PNM administration we reduced personal income tax and corporation tax to 25 per cent, because the higher income tax is, the greater disincentive it is to production and labour. And when you reduce income tax in that way you have to look at other revenue streams, and that is when value added tax or consumption taxes become very, very important. That is meant to be a broad-based consumption tax, simply to administer while being a major source of Government revenue. However, because of our disproportionate dependence on energy income, successive Governments in Trinidad and Tobago have all deviated from the excepted principles of value added tax. We currently have a VAT system with an extensive zero rating of domestic supplies, and one in which a sizable share of goods and services are VAT exempt.

In 2010, an ill-conceived attempt was made to reduce the cost of living by exempting approximately 7,000 items from VAT. It did not work. The latest available data indicates that 64 per cent of all sales are either zero rated or exempt, and 50 per cent of all imports are not subject to VAT because they are either zero rated or exempt.

Madam President, the IFM did a study in 2012 for the previous Government and it showed that the productivity of our value added tax system, that is to say, the ratio of the actual tax collected to the potential value added tax collections was only 40 per cent. In other words, we are only collecting 40 cents on the dollar in terms of the potential for VAT collections in Trinidad and Tobago, and that is because of

this huge list of zero-rated items and exempt items. This is way below the international average which is well over 70 per cent and lower than most Caribbean countries which are well over 60 per cent, and you have countries like New Zealand where their VAT efficiency ratio is as high as 90 per cent. In other words, they tax the consumption of 90 per cent of goods and services in their economy because they understand the importance of a consumption tax.

When VAT was introduced in 1990 it was limited to a narrow range of goods and services. As I said, over the years, successive Governments through, because of populism, pandering to populism, have exempted a whole host of things from value added tax and it has made the tax very inefficient, it has totally compromised the revenue collection system where we are now down to a 40 per cent efficiency ratio. So this is the policy framework for the decisions we have made.

Madam President, the list of items that will remain zero-rated was published on the Ministry of Finance's website on the afternoon of Monday this week—was that the 11th?—January 11, in addition to the list of items that are now going to be subject to VAT, having been removed from Schedule 2 of the VAT legislation. In the main, the items that have been removed from the zero-rating Schedule involved processed food. So that we have retained for zero rating, unprocessed food of a kind used for human consumption. So that means everything in the market—that means all vegetables, all provisions, all fresh meats, all fish, et cetera, in the market. So all unprocessed foods of a kind used for human consumption are still zero-rated. Parboiled and brown rice still zero-rated; [*Desk thumping*] all-purpose and wheat flour, still zero-rated; [*Desk thumping*] whole skimmed lactose-free milk, pasteurized milk, evaporated, dry or powdered milk, still zero-rated; [*Desk thumping*] white and whole wheat bread, still zero-rated; [*Desk thumping*] baby formula, baby milk, still zero-rated;—[*Interruption*]

Sen. Baptiste-Primus: Say that again.

Hon. C. Imbert:—baby formula and baby milk substitutes still zero-rated; [*Desk thumping*] margarine, still zero-rated; cheddar cheese and rennet free cheese, still zero-rated; corn beef, curry, sardines, smoke herrings, toilet paper, baking powder, brown sugar ,still zero-rated; [*Desk thumping*] oatmeal, dried leguminous vegetables—peas, beans and so on—still zero-rated; [*Desk thumping*] any live bird, fish, crustacean, mollusc or animal of any other kind producing food for human consumption, still zero-rated; animal feed, still zero-rated, and so on and so on.

These are the items that are still exempt from VAT. The items that are being subject to VAT include salt—and I heard a whole hue and cry about salt, the least expensive item in supermarket, Madam President. How much does someone spend on salt for the year? Twenty dollars? For the year, \$20?

Hon. Senator: For those who want it.

Hon. C. Imbert: For those who want it. How much you spend on salt? Twenty dollars, \$25? But there is a big noise about VAT on salt. You are talking about a \$3 or a \$4 increase in the cost of a particular item.

We have also imposed VAT on yogurt, vanilla essence, grapefruit juice and so on and so on. Yes, dairy spreads, cake mix, waffles and wafers, mushrooms prepared or preserved otherwise, processed and prepared and preserved vegetables—the one you would get in a tin—jams, fruit jellies, marmalade, and so on.

Sen. Gopee-Scoon: Maraschino cherries.

Hon. C. Imbert: Certainly maraschino cherries. That is for sure. Sundry other things, Madam President. It is all there on the Ministry's website. For the benefit of Senators, even though it is on the website, I will make available to the Clerk two documents which will give more information on what has been done, but this is

simply a printout of what is on our website.

What I would also like to say, Madam President, there has been a lot of speculation on the effect of the changes to the VAT system, and as is often the case in Trinidad and Tobago a lot of the speculation is wrong. In fact, I saw a newspaper article the day after the debate in the House of Representatives, where estimates were made of the increase in the cost of food ranging from 30 to 40 per cent. I could not understand. If VAT is 12 ½ per cent, simple arithmetic would tell you that the maximum possible increase will be 12 ½ per cent, that is, if every single thing you were buying before was exempt from VAT. So if every single item you bought in the grocery, in the market or otherwise was exempt from VAT, the maximum increase in your household purchases would be 12 ½. Yet I saw articles in the paper doing calculations of 35 and 40 per cent. It is just wrong. I think if people in this country wish to comment on matters, they really need to do better than that.

I asked the appropriate unit in the Ministry of Finance to look at typical households earning between \$3,500 and \$7,000 a month, which is about one-third of the households surveyed by the Central Statistical Office, and look at the basket of goods that this group would purchase on a monthly basis and what will be the effect of the changes on their food purchases. And what we have found is that when you look at what was there before and what is there now, and when you look at what was zero-rated before and what is subject to VAT now, and you do a proper calculation using the Retail Price Index from November 2015 surveying approximately 15 regions in Trinidad and Tobago and using the data from the household budget survey, what we get is that the increase in cost for a typical household with an income of about \$7,000, the increase in cost of the changes is \$50.63 per month.

2.15 p.m.

That is the calculation that my economic management unit has come up with and they have checked every single—they checked 50 items and I can tell you what the items are. They checked bread, rice, flour, cornflakes, macaroni, biscuits, pork, chicken, pigtail, corned beef, fish of many different varieties including fresh and imported fish, canned sardines, milk, cheese, eggs, margarine, oil, tomatoes, carrots, split peas, Irish potatoes, snacks like corn curls, cheese balls and so on, brown sugar, onions, ketchup, mayonnaise, baby formula, instant coffee, milo, sports and energy drinks, carbonated soft drinks, other non-alcoholic drinks, fruit juices and so on. Checked 50 different items and the increase is \$50.63. So I just wanted to put that on the table so that people would understand what the facts are. And in due course, the Ministry of Finance will be publishing a comprehensive report on its findings in terms of what the true effect of the changes in the VAT regime is [*Desk thumping*] because we think it is necessary to communicate to the public.

I was told that in the United States, there is a particular department and whenever somebody says something, politician says something, this department comes out and gives the facts. Sometimes they win, sometimes they lose, but they give the facts, and I think it is necessary in Trinidad and Tobago for us to have this kind of service, [*Desk thumping*] to have a Government department to give you the facts. This is the typical basket of goods; these are the prices; this is how the formula was calculated; this is the effect of the new taxes; this is the change in the cost of living and so on and so on. I wish to give this House an assurance that this would be a feature of the Ministry of Finance under this administration. [*Desk thumping*]

Now let us move on. We need to restore VAT to its original mandate which is a revenue generation mechanism based on consumption. They may also say that we are going to adjust the duties and so on, on petroleum products so that the prices at

the gas station will remain the same. Because currently VAT is charged at 15 per cent on super gas and so on and we are not going to allow the prices to go down with the reduction in VAT to 12.5 per cent. So we will make certain adjustments so the price of fuel at the gas station will remain the same.

This is all part of the trend towards dealing with the fuel subsidy, which costs this country billions of dollars. It is not costing us a lot now because the price of oil is so low, but whenever the price goes back up, it could get up to figures like in 2008. I was told the fuel subsidy was \$7 billion. Seven billion dollars of taxpayers' money was being paid to subsidize the price of gasoline and diesel. Under the previous administration, it hit all sorts of \$4 billion and \$5 billion when the price of oil was \$105. Now, it is below \$2 billion, it might be \$1.3 billion or something like that. It is still a lot of money. You are still talking about over \$1 billion in fuel subsidy.

As I said, there will be dialogue in the national community as to whether we could spend that \$1 billion on something else rather than on petroleum products. We have to bring ourselves into the modern age. So that is what we have done with VAT and, as I said, I will circulate some documents so that hon. Members can understand what we have done, but it is available on the Ministry's website.

We also intend to increase the threshold for VAT registration, because what we have found is that it is difficult to administer these small firms earning just \$350,000, \$360,000 a year, and also, they are in a net refund situation. You have firms claiming more VAT than they charge. That is typical of your small business earning \$360,000 or \$400,000 a year. They will buy a motor vehicle, they will buy all sorts of things and say it is for the business, claim a refund and they end up in a situation where they are getting more refunds than sales because they are not making any—their sales was just \$400,000. So the VAT on \$400,000 is 60—

whatever it is—\$50,000; whatever 15 per cent by \$400,000 is, but the refunds they are claiming could be \$100,000. So they are claiming refunds for purchases of \$100,000 but only reporting VAT sales of \$50,000 or \$60,000. So it is an area of tremendous leakage of revenue, so we have taken the threshold up to \$500,000 so that we will have less administrative difficulties and also, we will not find ourselves in this net refund situation. We have all these businesses registered for VAT but they do not have any sales—mysteriously, they do not have any sales and that is another reason for the business levy as well.

With respect to the personal allowance, this is a manifesto promise. We had promised to put more money back into the pockets of working families. The current personal allowance is \$60,000 or \$5,000 a month and we are increasing it to \$72,000 per year, \$6,000 a month. [*Desk thumping*] It means that persons earning \$6,000 or less will not be subject to tax, and that could certainly offset any increase in the cost of basic goods caused by the increase in the items that are no longer exempt from VAT.

With respect to the business levy and the green levy, we thought it was necessary to spread the burden of adjustment across the entire society. So we are amending the Income Tax Act and the Corporation Tax Act to increase the business levy from 0.2 per cent to 0.6 per cent on the gross sales of a person or company for each year of income.

Now, it should be noted that the business levy is a tax credit against any payment of income tax or corporation tax. So that as long as the person declares income or a profit, their business levy liability is offset against their corporation tax or income tax liability. So the only persons who will be affected by any increase in the business levy are these firms who have millions of dollars in sales but they lose money year after year after year; \$30 million, \$40 million, \$50 million in sales, but

they are losing money every single year, mysteriously. You wonder how they remain in business. How can a company remain in business if it has accumulated losses year after year? Where does the money come from to finance the losses? You have \$50 million in sales but you are declaring a loss for 10 years. That is what business levy is all about, to ensure that these companies who benefit from public services, they benefit from public infrastructure and other public services, but they do not pay tax because mysteriously, they keep losing money year after year after year.

And let me just say, business levy was introduced in this country in 1992 and it was based on a model in Mexico where they had the same problem. Companies just losing money year after year after year and it was decided that it was necessary to tax them in some way and that is what business levy is all about.

The Green Fund is our national environmental levy. It is intended to assist reforestation, conservation and a number of environmental activities. Lots of information outside there on the Green Fund, I do not think I need to go into any great detail on the Green Fund. It deals with pollution, prevention, reduction, recycling, conservation of ecosystems, biodiversity and sustainable environmental development and management and so on. That is the whole purpose of the Green Fund.

Unfortunately, because of the manner in which the last administration managed this country's finances, the Green Fund is not available to citizens, because what the last administration did is that it used the Green Fund as security against the overdraft. So you have the Exchequer Account in overdraft by \$34 billion of which approximately \$4 billion is the Green Fund and \$11 billion is the Unemployment Fund, but that \$4 billion and that \$11 billion are pledged against the overdrawn \$34 billion. So you cannot get a cent of the Green Fund until we get that overdraft

back down; at least the Central Bank overdraft back down to zero. As I may have said, it was \$9 billion overdrawn when we came in. We have to get that overdraft back down to zero. If we do not, we cannot access the Green Fund or the Unemployment Fund. Fortunately, the measures today will put some more money into the Green Fund and therefore, it will assist in the deposits in the Treasury, and it will assist with the overall cash balances of the Government. So that is an added benefit of the measures that we are about today.

With respect to retirees, we recognize that there is a greater financial burden on the elderly, particularly since their disposable income is, in most instances, reduced when they retire. Most retirees are on fixed incomes and they are on much reduced incomes than what they earned when they were working. So we intend as a Government to introduce a retiree benefits programme. For any of you who have travelled to South and Central America, especially Panama, there is a Pensionado Programme and retirees in Panama enjoy all sorts of benefits. They get free or discounted bus fare, free entry to the cinema, their utility bills are either free or discounted and so on. That is how they treat their elderly and many other countries do. So we are going in that direction. And what we have decided to do in the first instance is to make passports and driver's permits free of charge to anybody over the age of 60. [*Desk thumping*] I do not know what is going on. Are some Members around me over the age of 60? [*Laughter*] Anybody around me over the age of 60?

Hon. Senator: Soon.

Hon. C. Imbert: Soon to be 60. [*Laughter*] "And that is not ah misprint, it is ah real 60. [*Laughter*] It is not ah 65, is ah 60." Okay? So these are the tax measures that are contained in the Bill. What I would like to do now, Madam President, is just stop at this stage and I will listen very carefully to all the contributions from

the Members opposite and in my winding up, I will make my best effort to address any points raised.

Let me just say one thing before I sit down. There are different effective dates for measures. The personal allowance will come into effect on January 01. The Green Fund and business levy will come into effect as soon as this Bill is assented to. *[Interruption]* Next week, sometime. And the value added tax system will come into effect on February 01 and the reason is the retailers and the business people asked us for time. They told us that they needed about three weeks in order to adjust all their prices and so on, so we gave them the three weeks. So we have published the list on our website on the 11th and the new VAT system will come into effect on February 01 to give them the time to put their house in order. So these are the reasons for the three things.

With respect to the business levy and the Green Fund, if you are imposing a penalty, you cannot do it with retrospective effect unless you have a special majority which we do not have at this time. And if you are providing a benefit which is such as we are doing with respect to the personal allowance and the exemption from the payment for passports and driver's permits, you can do that with retrospective effect because a legal challenge will hardly come if you are getting a benefit. But if you are imposing a penalty such as the increase in Green Fund and business levy, then you have to wait until the conclusion of the legislative process. I thank you, Madam President. *[Desk thumping]*

Madam President: Hon. Minister of Finance, are you finishing off your presentation?

Hon. C. Imbert: I thought I had said I beg to move, I deeply apologize. I beg to move.

Question proposed.

2.30 p.m.

Sen. Wade Mark: [*Desk thumping*] Thank you very much, Madam President. I rise to address the Bill which is aimed to vary certain duties and taxes, and to introduce provisions of a fiscal nature. These, as the hon. Minister said, arose out of commitments given in the 2016 Budget Statement. The Minister, in his presentation, did try to put in some context these measures; and he mentioned, among other things, the manifesto, which is a very irrelevant document [*Desk thumping*] in this country. But we will talk more about that manifesto, whose assumptions were based on 2014 oil prices, but we will talk about that in terms of the major con job that they pulled off on this country—why they are on that side and we are on this side—but we will expose and unmask this regime.

He talked about falling energy prices, Madam President, in his presentation and the legislative agenda of the Government. Let me also seek to put this Finance Bill in some perspective. Let it be made and be said very early that everyone is aware that Trinidad and Tobago is experiencing traumatic shocks in its economy, and by extension the society. We know that has come about as a result of falling energy prices, which has negatively impacted on the fiscal balance in our country.

We also know that the path to economic growth and development must be determined by an internal purpose and dynamism. However, when we look at what is being presented here over the last few months, this is largely absent because the regime continues to present what I can only describe as an uncoordinated hodgepodge approach to genuine economic development and transformation in our economy.

There is no policy framework that we have seen thus far of a macroeconomic nature that can put into some context, the goals, the strategies to achieve those goals, and exactly what would be the targets and the time frame for realizing those

goals, Madam President. We, therefore, now live in an arena of blasted hopes and shattered dreams. [*Interruption*] I did not say “blasted” in that negative sense. I used it in a context of English language. [*Laughter*] Where, Madam President, it seems like the promise given to us of a better society, and a more just and fair society, has been shipwrecked somewhere; and disappointment is overwhelming the people’s confidence in this administration. And we have seen the arrogance that has allowed regimes after regimes to be dismissed, especially the PNM regime, is beginning to resurface in this country.

No consultation on anything. It is like Mussolini in Italy or Adolf Hitler in Germany. They are simply imposing their will on the nation. But I want to say that in the budget of 2016, we were told that the theme is: Restoring Confidence and Rebuilding Trust. It seems to me that we should rename or recast this theme and it should now read: Destroying Confidence and Reducing Trust in our country. [*Desk thumping*] That is a theme of this budget in real terms, because that is what is happening in Trinidad and Tobago today. Confidence in the economy is being lost, and there is a very serious concern on the ability of this Government to manage the affairs of this nation in times of declining revenue. Even the Government at times seems to be losing confidence in its ability to manage our country.

We were presented with a budget, as you recall, of \$63billion, the largest in our history. And there was a \$20-\$23 million gap in terms of revenue, a huge deficit arising out of that. When we talk about destroying confidence, I remember somewhere reading where the distinguished Minister of Finance promised when he was under the—when he had the opportunity, I should say, of having blue lights flashed all over his windscreen. He promised the nation a blue Christmas.

Hon. Imbert: I never said that. I did not say that.

Sen. W. Mark: You said that in the record.

Hon. Imbert: I did not. Not a blue Christmas. I said it was not a blue Christmas.

Sen. W. Mark: Oh, it was not a blue Christmas? Okay.

Hon. Imbert: Get your facts straight, please.

Sen. W. Mark: You promised no blue Christmas.

Hon. Imbert: That is right.

Sen. W. Mark: That was what he said. No blue Christmas, but you know what? He came back a couple days later and said no payment for outstanding salaries for workers.

Hon. Imbert: “How dat blue? Deh geh dey salaries.”

Sen. W. Mark: We are saying, Madam President, this Government, five years in Opposition—*[Interruption]*

Madam President: Sen. Mark, just one minute. I would like to listen to Sen. Mark. If conversations are to be had, could they be in a lower volume, please?

Sen. W. Mark: Thank you very much, Madam President. This Government which was in Opposition for five years, should have been in a position to properly assess and evaluate the economic and financial conditions of our nation. But as I said, they presented a manifesto on 2014 oil price or assumptions based on 2014 oil prices and energy prices. *[Crosstalk]*

You wrote it in 2015, but you told the nation that it was dated in terms of 2014 assumptions. Madam President, I want to say that there should be—the Government should come clean with the population. *[Desk thumping]* Stop the deception. Stop the double-talk. Focus on concrete performance. Deal with efficiency and effectiveness in the delivery of services.

The Prime Minister had promised this country earlier in the term that there would be no loss of jobs. You recall that, Madam President? And every day you read in the newspapers today, it is bloodshed and loss of jobs. *[Desk thumping]* The twin

evils that seem to be engulfing our nation— bloodshed, through criminal activities and, Madam President, loss of jobs; that is what is taking place here. This betrayal of trust is causing rising tension and growing concern in our nation.

Look at the con job that they perpetuated and committed against this nation, which we are going to unmask. In their manifesto, they promised this country and the population voted for a reduction in the value added tax from 15 per cent to 12.5 per cent, but you know what, Madam President? Nowhere in their manifesto did they promise the population, or did they tell the population, that we are going to impose a 12.5 per cent VAT on zero-rated items. [*Desk thumping*] They never told the country that. Had they told the country that, they would have never been in Government. So they mamaguy the population, they fooled the people, they misled the people and the people fell—they fell at that time—for that particular promise.

Now, people are bleeding in this country. They are crying blood. They are saying, we are sorry that we voted for this PNM because the PNM fooled the country, [*Desk thumping*] and they misguided the people. Madam President, all over the place—[*Interruption*—no, there is not a single citizen in this country who can tell you where the Government is taking the country. There a no coherent strategy in their approach to national development, Madam President, nothing. There is no strategy linking investment growth to diversification, to sustainable development; there is no coherence. On the one hand, the Prime Minister announces, Madam President, that housing will kick- start the economy—that was when he addressed the nation recently. And yesterday to our horror and surprise, we heard the tsar of communication, some gentleman called—and I think he is the Minister of Communications, if I am not mistaken, he is now talking about agro processing.

2.45p.m.

But there is no framework because we have not heard from the Minister of

Agriculture, Land and Fisheries [*Desk thumping*] giving a framework and a context. All we hear is that as they go along they are just picking, like they are pickpocketing people. You understand? They are just picking, so one time is housing, the next time is agro-processing, and they will get a “vaps” tomorrow and they might say tourism. You know, they are just all over the place, no coherence, because they do not know what is doing on, and the Minister of Trade and Industry is silent.

So, Madam President, where are we going? Where are we going, Madam President? They came here with a budget, as I said, they came back; they want \$50billion cover to borrow money. They came later on through a statement by the Prime Minister, they want to raid our Heritage and Stabilisation Fund. We in the People's Partnership say, hands off the people's Heritage and Stabilisation Fund. [*Desk thumping*] Hands off. Hands off. You are not going to touch those funds. We will campaign against you throughout the length and breadth of this country. [*Desk thumping*] Leave the people's Heritage and Stabilisation Fund alone. We are saying, Madam President, that if foreign exchange is scarce in this country and we have to preserve our foreign exchange reserves, you should never be touching US \$1.5 billion—to do what? For budgetary support?

So, Madam President, as far as we are concerned, we serve notice, it is war when it coming to heritage and stabilisation, Madam President. We are going to warn you from now on that it will be war when it comes to the property tax. [*Desk thumping*] You are going to be feeling the heat of the People's Partnership in the coming period—[*Laughter*—heat, Madam President, heat. So, as far as we are concerned, this regime does not have a clue of how to deal with this country. Madam President, when it comes to goals, there have been no goals. This Minister, who is working very hard and getting sick fast—but we want him to work less hard so that

he can recover fast. Okay? So, Madam President, we want the Government to focus on certain goals. We want them to focus on sustaining productive employment. That is a goal that you should set yourself, and you should also set yourself to focus on economic security and food security to satisfy basic human needs.

You should focus on improving the quality of life as far as is possible, particularly through what is called psychological income, like the arts and the culture, and sport. You should seek to foster greater national pride and maintain the integrity of our nation. These are areas and goals that you should set yourself, and we have the assets. We have a gifted and artistically gifted people. We have people, we have natural resources, we have the soils to plant the food, we have a rich tropical climate; we have the seas around us to deal with real development within the context of our own thrust. So if you are talking about an economic strategy for diversification, you have what it takes to propel this economy forward. Food security, agriculture, tourism, you have services, these are areas that we can focus on in the immediate and short-term period to bring about real reform and to safeguard our country. We had a plan.

So, Madam President, as far as we are concerned, the Government of Trinidad and Tobago is going all around the place. Now, they have said they are going to impose a business levy of 0.2 to 0.6. The Minister just repeated here that you have businesses in this country declaring huge sales, but yet still, Madam President, he is claiming that those very businesses are saying they are making losses. What is the Minister telling the country? Is the Minister telling the country that these businessmen are dishonest? Is the Minister saying that auditors and accountants are involved in some “bobol” in cooking the books? Because there are times when you may make big sales and you have high expenses and you have small margins. So

when you say, Madam President, that you are going to impose a 0.2 to a 0.6 increase, a triple increase in business levy on the business community, what impact that is going to have on their operations? And you know what is sad about it, Madam President? There is no data, there is no hard statistics, but you know why? The Minister is still awaiting statistics and data from the CSO, but he got rid of the Governor in the interim whilst he is waiting on hard statistics, [*Desk thumping*] because he has now admitted there is a recession after they fired the Governor of the Central Bank. He has now committed that it is a fact that we have a recession in the country.

So, Madam President, what is the basis for this huge increase in business levy? He has not told us, the Minister of Finance, he has not told us what impact this is going to have on food prices. He has not said, for instance, when you increase business levy from 0.2 to 0.6 that the businessmen are going to ramp up their prices. They are going to ramp up their prices. This simplistic analysis the hon. Minister has made, as if he is living in “Lala land”, he is not living in the real world; he is telling us because of those increases in the zero rated to 12.5 he anticipates an increase of \$50.53 in the grocery bill of citizens of this country.

We have estimated between \$150 to \$300; that is what working people are going to be called upon to pay, because they are going to ramp up their prices otherwise they are going to go out of business. The business people would prefer to stay in business than to close down their operations, so therefore they will increase their prices. So the 12.5 is going to be a waste of time. There will be no reduction in the prices of goods and services in the supermarket and in business places. All over the country prices are going to rise, jobs are going to be lost because of the kind of initiatives taken by this regime, but this regime does not care, they are now in charge.

I want to ask him, the hon. Minister, because he keeps saying, and you would be a witness to it—I see he has now jumped from \$9billion in overdraft to \$34 billion now, from \$9 billion to \$34 billion, so every day, like a “24 hours”, he just changing numbers, not even colours, numbers are changing. So, Madam President, I want to ask him, and I want to tell the country, that when the People’s Partnership left government and demitted office, we left over \$108 billion in the State coffers of this country—[*Desk thumping*]*—over \$108billion, US \$11.3billion in the foreign reserve fund, and \$5.6billion in the Heritage and Stabilisation Fund. [Desk thumping]* So over \$100 billion was left in the State coffers.

Madam President, I want to also indicate to the hon. Minister, when you tell this country that you have a \$9billion overdraft, you know what this hon. Minister is now telling the country? The Minister of Finance, the former Minister of Finance met with him and told him that we had \$12 billion to collect. He met with the Minister of Finance. Madam President, we were supposed to collect almost \$4 billion from TGU, I think, then we had a \$1.5 billion from the IPO, then we had \$6 billion to collect from quarterly taxes, September to December. He could have paid, he could have wiped up that overdraft and have cash, but he must tell the country—what did you do? Why you did not deal with that \$12 billion? [*Desk thumping*] You are all over the place performing con jobs on the country and fooling the country, mamaguying the country. But, Madam President, as you know, you can fool some of the people some of the time, but you cannot fool all of the people all of the time, they will expose you, and you will expose yourself.

So, Madam President, as far as we are concerned, this VAT that he is talking about that people are going to benefit from it, we have gotten some data and it shows that close to 50 per cent of the population, working population, they earn less than \$6,000 in this land. They earn less, so when you remove, when you now impose

this zero rated, which is now 12.5 per cent, where you have no increases in income, the Government has imposed a wage freeze in the country. There is no wage increase coming in the public sector, and the private sector is following suit. [Interruption] I am really for real. What you think?—this is a joke? You are not living here? Let us be real, there is a wage freeze in the country, and the Government, they are silent, but that is the silent admission that they are not going to allow any increases in wages.

So, Madam President, all over the country, whether—all right, Madam President, okay, who can object to the elderly?—those of us who are 60 and over—getting what? A free passport. A passport is renewed every 10 years now, and how much for a passport? Two hundred and fifty dollars. A work permit, I think it is \$500, and it is every 10 years, or something like that, but who could argue that or be against that? But, Madam President, you cannot just deal with elderly people in a vacuum. What is the policy framework to get the 172,000 citizens who are 60 years and over? How do we use their skills and their talent, and their experience, and their knowledge to build our economy? So everything is being done in the context. When we said that we were going to increase, on a voluntary basis, the retirement age to 65, it meant that a citizen who is in the public service, and he or she has reached 60 years but has talent and has contribution and wants to stay in the public service, can remain in the public service and contribute to national development. [Desk thumping]

So it was not a question of just reducing or giving out a little passport here and a work permit there, you had to look at this in a context— [Interruption]

Hon. Member: A driver's permit.

Sen. W. Mark: A driver's permit. So there is a framework that we worked, Madam President, but this Government, and so on, as you know, they operate on

the basis of “vaps”. That is how they operate. They have no plan; they have no vision; they have no direction; they are drifting aimlessly, and I am worried. They have collapsed in office already, you know. The PNM has collapsed in office. What I am worried about is that they are going to facilitate the collapse of the economy, and that is the danger, Madam President.

3.00 p.m.

Madam President, I am a citizen of this country. I am a proud citizen of this country, and I think we must do everything in our power. You might be an aimless, an intellectually bankrupt administration, but we must do everything to save our economy from bankruptcy. That is what they are doing; they are heading towards bankruptcy. That is what they are doing. We want them to tell the nation exactly where they are taking our country.

They said they were red and ready. Ready for what? Ready for what? It is only a matter of time before people begin to understand exactly the beast that is called the PNM. They will open you, they will extract and see what you are. They will unmask you and see exactly what you are.

Madam President, whether it comes to lower income tax for the ordinary people who are getting \$6,000, no taxes, whether it has to do with the driver’s permit, passport—the key thing I want to raise here is that the Minister of Finance has come to this Parliament and I have seen two documents: one entitled Zero-rated Items Retained and Items Removed from Schedule II, Zero-rated. These are the documents I have seen. As of today, 3.01 and 34 seconds after three, not a legal notice has been published, not a legal notice has been issued.

Hon. Imbert: February 01 it comes into effect.

Sen. W. Mark: Yes, February 01; so you see the kind of behaviour that you have taking place here. As he talked about February 01, I want to let you know the

incompetence and the inefficiency of that administration. Imagine we are losing revenues at a time when this country could least afford to lose revenue. We passed a budget before October 31. We had time to deal with the value added tax measure; we had time to deal with the Green Fund levy; we had time to deal with the business levy. But you know what was taking place? “Who eh feteing, partying. Who eh golfing, engaging”—I understand we now have an official foreign marriage licence officer. [*Desk thumping and Laughter*] We have an official foreign licence marriage officer. So he is all over the place, they are having a great time in this country. But you know what?

The Minister of Finance came to this Parliament and said in this statement: VAT from January 01. The Minister came in this Parliament and told this Parliament that the green levy fund and the business levy will take effect from January 01, 2016. We are now being told by this limping and languishing and almost stumbling and fumbling Government, that we are now going to increase VAT from when? February 01; and we are told further that in terms of the Green Fund as well as the business levy it will take effect when the Bill is assented to and becomes an Act. Now, Madam President, what is this? Is this incompetence? Is this inefficiency? Why is the Government moving in such a lacklustre manner? [*Interruption*]

Madam President: Sen. Mark, you have five more minutes.

Sen. W. Mark: Thank you very much, Madam President.

Why are they moving in such a lacklustre manner, when the country is in need of revenues? The Government should have been working overnight like the Minister of Finance. He works very hard, that is why he got sick. [*Laughter*] He works very hard, and I compliment him for that. I admire him for his hard work. He works very hard; a distinguished gentleman, but he cannot run the Government by himself. Do you know why? They have an incompetent team.

Madam President, I want to tell you something. You cannot perform on stage and rehearse at the same time. And you have an OJT team in the form of a Cabinet. They have no experience; none of them ever ran a parlour, but they are running Government, and that is why they are running the Government into the ground. They have no vision. They have no focus. They have no strategic direction. They have no plan; none, no direction.

When we spoke in the budget presentation, I made a statement. I told the Minister of Finance, do you know what is required now?—a social compact. Bring the players together; bring labour, bring business, bring Government, bring the NGOs; that was in October. We are now in the month of January going to February. There is no effort on the part of the Government. All we are hearing is vacuous statements, platitudes, but where is the action to get these things going?

I see the hon. Minister of Labour and Small Enterprise Development trying her best in terms of tripartism, but that is at the labour level. The Government has to put its house in order and mobilize the country. Where is the strategy for mobilizing the population of our country? You cannot be going forward and half of the nation on the left and half on the right; we have to come together. But where is the effort to bring the people together to bring about transformation and real development?

But, Madam President, I have faith in this country and I have faith in the citizens of this country. I want to tell this country in winding down, this Finance Bill reminds me of a concept that was said by Dr. Martin Luther King some years ago when he was talking about the kind of pressures African-Americans were going through. He was saying that some of the measures they were advancing in America at the time really amounted to socialism for the rich and capitalism for the poor. When I look at this Finance Bill and I look at the budget, and I listen to the public

utterances of this Government, it reminds me of that statement, that what they are doing, they are so conservative and backward and reactionary, they are promoting a policy where the rich are going to become richer and the poor are going to become poorer. So I adopt the same slogan of Martin Luther King Jnr., it is socialism for the rich in Trinidad and Tobago and capitalism for the poor.

I thank you very much, Madam President.

Sen. Dr. Dhanayshar Mahabir: Thank you, Madam President, for granting me the opportunity to contribute to the Finance Bill this afternoon, and I wish to express my gratitude to Members of my Bench for asking me to lead off the debate on this matter this afternoon.

Let me focus on the Bill itself and, subsequently, I want to speak around the Bill. There is one item in the Bill that I want to address and that refers to the cut in the value added tax regime. I just want to put on the record that the VAT which was introduced in this country during our period of structural adjustment, is really an expenditure tax which tries to ensure that everyone who spends in Trinidad and Tobago, regardless of income, at least pays some tax which will contribute to Government revenue. But there are really two issues to be addressed here; one is the macro issues of the VAT and, secondly, the micro.

The macro issues is this: when you cut a rate from 15 to 12.5 per cent, even if you expand the base, you do that in the hope that by expanding the base you will be able to raise more revenue even though you have cut the percentage rate. That is the intention. But the problem with that—and the Minister has expressed optimism on what this measure will do with respect to his revenue flow. My concern is this: at a time of economic stagnation, regardless of how broad your base is, VAT depends on a high turnover; it depends on an increase in economic activity. Regardless of the size of your base, if goods are not being sold, if the GDP is not

expanding, the revenue anticipation of the hon. Minister will not arise. [*Desk thumping*] So we need to be looking at the rate of growth. [*Interruption*]

The Minister will have an opportunity in winding down. Let me continue. I only have 40 minutes, you have an opportunity to come back, hon. Minister. With respect to the micro economics—[*Interruption*] He has asked to give way, I will give way.

Hon. Imbert: I thank Sen. Dr. Mahabir for giving way. I, in fact, had brought to the Senate the actual VAT performance for the first quarter, and it is ahead of projections. Just thought you should know; it is not below, it is above.

Sen. Dr. D. Mahabir: Thank you very much, hon. Minister. My concern is not what has happened in the past, it is what is going to happen to the future, on which I will be anchoring my contribution. [*Desk thumping*]

We are now in an environment of uncertainty, but really with respect to the micro aspects of the VAT, I want to put again on the record that since the VAT is an expenditure tax, it is going to tax at an equal rate. An individual who has abundant income and an individual of lower income is taxed at the same rate. So when he buys an item, regardless of my income or a poorer individual's income, we pay the same rate. The problem with that, and the reason for the exemptions of a number of basic food items, is simply this: the poorer individual in our society in general will spend a larger percentage of his income on food, in general. It is called Engel's Law, well documented across the world. Poor people can spend up to half of their income, 50 per cent of their income in food. A richer person may spend 5 per cent of his income in food.

What it means is that 50 per cent of the expenditure of a poor person is then subject to this VAT and 5 per cent of the expenditure of the richer person, at least on his food bill, will then be subject to VAT. We need to be really cognizant, before we

make a blanket statement, with respect to at least the food income. We need to understand that VAT as an expenditure tax can affect the poor people disproportionately. And as we remove items from the basic consumption package, it is important to know that the items we removed are not consumed in large measure by the poorer people in society.

In economics we have examined this; it is called the “inferior goods”. So you would want the cheaper cuts of meat to be exempt. You would want the items that the poorer person would buy. He may not purchase Nescafe, which is an expensive coffee, but if he purchases regular ground Hong Wing coffee then you do not wish to have that as subject to VAT. We need to do a lot of consumption studies in the Ministry of Finance to really identify what is known as “income elasticity”, so that as your income falls, if you tend to consume this good called an “inferior good”, we should, as far as is practical, to be equitable, exempt these items from VAT. It should not be done in an unscientific way.

Madam President, that is as far as the VAT concerns on the Bill, but I want to speak more importantly around the Finance Bill. The question I want to pose is this—and it is for this reason in responding to the Minister as he asked for me to give way, he said what had happened over the past quarter was really optimistic. But we are now in an uncertain quarter. We are now in an environment where it is difficult, if not impossible, to predict.

3.15 p.m.

And the question we need to ask ourselves at this time is simply this: is our economy in crisis? Not that we are in gloom, but can we recognize that there is a crisis to address? Let me say and advance my position as to why we should be concerned, in January 2016, about the nature of the environment in which our economy is operating. First item, the statistic which cannot be challenged: the

Minister is spending some \$60 billion, he is earning some \$40 billion and the opportunities now to expand his revenue from 40 to even 45 now, given what we are seeing around us, are vanishing. We are in an environment where the gap seems to be persisting. And the gap seems to be persisting because our principal income earner with respect to foreign exchange, contribution to GDP, is now displaying some unpalatable characteristics. The Minister indicated that the price of oil had fallen below \$30.

But prior to my contribution, I of course spoke to the energy expert on my left, Sen. Small, simply to ask him a question. And that was: how much does it cost an individual or a partnership to come together to finance a shale production operation? I was under the impression that you needed huge millions. I was advised that the initial investment is really very low—can be. I stand to be corrected, maybe as little as \$10 million, maybe even \$5 million to start up—Sen. Small has corrected me. He says with US \$5 million a group of operators, not even one, a group of guys with \$500,000 each. Ten of them can come together, start a shale operation and they can start to produce oil in the US which is sitting on oil. A frightening statistic for Trinidad and Tobago is that there is a phenomenal abundance of that resource in the United States and the cost is low. And the cost, Madam President, is falling because of technical change. The research institutes at MIT and at Harvard and Yale and at Caltech and the technical institutions there, a few years ago when I did my research, indicated that shale producers will be able to break even at \$50 a barrel.

Just now, a few minutes ago, Sen. Small corrected me and indicated that a shale producer can now break even at \$35 a barrel when you add a 15 per cent rate of return for them. So it means, given the statistics that we are seeing before us, that as long as prices fall below \$30 a barrel we will be able to keep shale producers out

of the market. It is no accident that we are seeing prices now in the twenties. It is the old limit pricing model of the 1950s where established firms price their products so that they will limit the entry of the potential entrants in the market. We have researched this. We have seen this.

In fact, there is a good PhD thesis on the subject called Potential Competition and Multi-Product Activity written, of course, by a West Indian economist called Dr. Mahabir, [*Laughter*] which outlines exactly the price that these potential competitors will force down. And it is quite likely, given technical change, given the fact that barriers to entry are so low and barriers to exit are even lower—because once the investments dwindle, the producers can sell their equipment on a second-hand market to other producers. And you have thousands of small guys changing forever the market structure in the oil economy from one of a strong monopolist in OPEC to an oligopoly with OPEC and a few other producers, Norway and Mexico not in the group, and now we are getting what is known as a contestable market where, if the researchers in the United States can bring the cost of production of a shale producer down to \$25 a barrel, you will be sure that the price of oil internationally set by the big players will come down to that level. This is just something over which we have no control. Is our economy then in crisis?

The problem for us, Madam President, is this. While there is technical change we tended to have been sleeping at the wheel and now we have to ask ourselves, given that we have no control over this international price, given that we have no control over this development and that we must simply adjust to it, what do we do? What is now the option before us? But first we must recognize that we are in a sticky situation. If we say that the situation before us—[*Crosstalk*] I normally get a lot more respect from the other side when I speak. But I see, Madam President, three Members there chatting away as if what old Mahabir is saying is of no

consequence including the Minister of Finance. Minister of Finance, it will come to haunt you. [*Desk thumping*] Gross disrespect, Madam President. I do not think I am making politics out of an economic matter. Right.

Madam President, we have to accept whether we are in a crisis or whether we are in a regular situation that will go away. The developments before us suggest that we are in a very, very difficult uncertain situation and it is incumbent on us in defending—[*Crosstalk*] this is not a laughing matter, you know. Madam President—[*Interruption*]

Madam President: Hon. Senators, I think Sen. Mahabir is being distracted by the talk, as am I. Can we have silence and let Sen. Mahabir give his contribution, please. If Members want to carry on a conversation, you can step out of the Chamber and allow Sen. Mahabir to continue. [*Desk thumping*]

Sen. Dr. D. Mahabir: Thank you, Madam President. Given my experience in the field I think what we are addressing now is a very, very, very critical matter. I think that looking at what we have observed over the last year, and given the developments now in January of 2016, the experience of those of us in the field suggests now that we need to take a review of how we have been conducting our operations at the level of the State and we need to make some reversals with respect to all the plans we may have had in 2014 and 2015 for 2016 onwards.

Let us accept that there is major cause for concern. Given that there is cause for concern, how do we adjust to it? When we look at the economic history of Trinidad and Tobago, we saw in 1982 former Prime Minister Chambers, recognizing that there was cause for concern, undertook a programme of adjustment between '82 and '85. President Robinson understood that there was a crisis. He was forced as a matter of last resort to borrow from the IMF. We saw—[*Crosstalk*] Madam President, let them talk. It is okay.

Madam President, we saw the Manning administration 1991 to 1995 continue the programme of adjustment which allowed us by the year 2000 to enable this country to weather its most protracted crisis and we undertook an austerity programme. We undertook a programme where we were able to restructure and re-engineer our economy. So that by the year 2000 we were on a growth path which allowed us for a decade up to 2008 to experience rising standards of living. But unfortunately we are back in a situation where the world economy is displaying a level of sluggishness that is not conducive to the continuing growth of Trinidad and Tobago as we are conducting our business as usual. It means, Madam President, we need to rethink our position. We need to rethink our policy with respect to a number of areas.

One, can we continue to spend in the Government \$60 billion at a time when our revenue flow is not only uncertain, but now likely to be low for quite a while? What is quite a while? Three years for the minimum maybe up to five years. No one knows what the impact of technical change is going to do to the oil market where the thousands of small producers, not only in the United States, but around the world in Iran and so on coming on to the market makes our commodity less attractive today than it was five years ago. This is a reality. Are we going to look at our goods and services bill? These are now the options, and I would like to hear this from the Minister of Finance in defending the public interest, as I am duty bound to do on this bench. Not partisan political interest.

Can we afford the \$60 billion? My experience tells me no. Can we raise more than the \$40 billion in the medium term? My experience tells me no. The reality is, we need now to come to terms with the fact that we cannot continue to spend at the level of government that we have done over the last five years in the future. How are we going to adjust our spending and reduce our spending, while at the same

time minimizing the negative effect on the people, and in particular to the vulnerable people who always tend to experience [*Desk thumping*] a decline in their welfare, inordinate decline in their welfare, whenever external factors affect our domestic ability to deliver.

Does the Minister have a policy on goods and services? And I know Sen. Franklin Khan indicated that the PNM manifesto is policy. I was told a couple debates back that a manifesto was going to be sent to me via courier. It has not yet reached. Maybe it is available online.

Sen. Khan: It is available online. It is in such demand that it is out of print. We are getting some very shortly and I will honour my commitment. [*Desk thumping*]

Sen. Dr. D. Mahabir: Thank you very much, Sen. Franklin Khan. It was not sent by courier because there is an undersupply. It is in so much demand. You see, with that particular manifesto, Madam President, I would be able to identify what Government's policy might be with respect to its goods and services expenditure. Is it that it is going to ask for Ministries to delay the purchases of goods? Is it that it is going to focus on maintenance so that machinery, equipment and everything, the wherewithal of the apparatus of the State, can last longer? Do we have that policy so we are telling people maintain your automobiles, maintain your computers, maintain your various equipment, your whiteboard, your overhead projectors. Try to maintain them. Let us not junk them. Let us fix them. This is something I would like to hear the Minister tell me that he plans to initiate a position of maintenance and extended purchases, delayed purchases in goods and services. It was done. It was done in 1998 by the then Minister Brian Kuei Tung when the price of oil had fallen to \$9 a barrel. Those were the directives given to the Ministries to conserve a little bit. We do not know for how long the crisis will last.

When it comes to investments at the level of the State, is it that in order to maintain the capital stock, the Minister is going to say, I am going to look now for cheaper sources of financing internationally even domestically. The IDB financing, the World Bank financing, the EDF financing, CDB financing, whatever soft loan, IBR financing, whatever it is. Is it that he is going to look now for cheap international financing?

When it comes to debt servicing, does he have a policy on refinancing his debt so that cheaper loans can be accessed to repay more expensive loans? We should have facility in our apparatus of the Ministry of Finance to look at our expensive loans, retire them early and replace them with cheaper borrowing.

Does he have a policy with respect to the efficiency of transfers? His transfer budget is his largest budget. Transfers take, Madam President, a number of forms. We have transfers to GATE. We have transfers to the University of the West Indies. We have transfers to our international institutions. Transfers to local government bodies, but we also have transfers to the old-aged pensioners, in the old-age pension grant. We have social assistance and disability. We have the food card. We have URP. We have CEPEP. We have a range of transfers. We know that transfers are not always efficient.

I would like to hear from the Minister, what kind of investigation is he doing to ensure that with respect to some of those transfers which are intended for the poor, but which are leaking out to others in the intervening period, that he is going to minimize the waste, he is going to minimize the administration cost. This is always a problem for the transfer vote that a lot of it can either go out in corruption; that people who are recipients of food cards should not get them and the real deserving people are not accessing. We need to ensure that our transfers are more targeted. So that with the little bit we have we will be able to give really the needy, and we

should be able to minimize the kinds of waste that we suspect exist.

In transfers you get waste, just as in tax collections you get noncompliance. In tax collections it is said that on average you have a 40 per cent noncompliance rate and in the transfers it is said that you can get easily a 40 per cent wastage as well in administrative costs and leakages along the way. So we need to understand what the policy now, not of revenue raising, is. Revenue raising—you can raise the taxes which in effect, you see, what the 12½ per cent reduction in the VAT rate does, but a restriction in the base effectively means an increase in the tax rate for people who no longer are going to be included in that base. So that nominally, in name only, we have a 12½ per cent, but in reality people will have to pay a bit more in that rate. Similarly, with respect to the transfers vote, we would want, Madam President, to ensure that the amount of moneys we allocate to the transfers is going to be efficiently used and we need to give the citizens some comfort.

And what I would do if I were in his position is very clearly and transparently indicate that all the transfers there we will try to maintain, we are simply going to increase efficiency. With respect to the GATE programme we are going to give you, based upon your performance at university, it is not as if you get a guaranteed amount, so we are not cutting it out. Old-age pension, of course, is under the—there is an Act there that you do not normally interfere with that, but disability is optional. Even the CEPEP programme you may want to have a mechanism where, in order to obtain a new CEPEP contract you must show a certain measure of responsibility and of delivery before we can renew your contract.

3.30 p.m.

There is going to be a need, Madam President, in this time of what I call pending hardship, which is, maybe bordering on crisis. I am of the view that we are in a difficult situation. I am of the view now, you see, after waiting for five years for

things to change and it has not changed, the environment before us is now going to be more and more depressed. So, there is not going to be too much but we have buoyancy in the medium term.

So, let us get from the Government what the measures are with respect to ensuring efficiencies and economies in the transfers vote. And, we need to be looking at the Government's wage bill. The wage bill of the Government, I think may be, it is close to perhaps \$10 billion. What is the Government's position with respect to wages? I do not know if the economic history is a popular subject now, but, certainly in the 1980s there was the teacher's union, from what I recall, who said no to 6 per cent and they ended up with 0 per cent for a number of years. They, in fact, also lost their cost of living allowances. So, that the era of zero increase is very real given the financial situation of the Minister of Finance. I understand his position, and therefore, I am of the view that we need to have a policy, and I will go online and I will read the manifesto. I would like, reading from the manifesto, to know what your policy perhaps is or will be in times of crisis.

Because when a Government is formulating a policy, it cannot formulate a policy only for when the economy is growing. It must have a policy for when the economy is declining as well. That particular policy is going to be important, because it will give the citizens a measure of comfort with respect to what the priorities of the Government are in relation to the various categories of spending.

Sen. Khan: That scenario planning, and a manifesto does not really cover that wide ambit of space. So, I just want to caution you, you would not see anything like that in the manifesto.

Sen. Dr. D. Mahabir: Thank you for the guidance. Thank you for the guidance Sen. Khan. I am guided. I am duly guided. You see, I raise the issue, Madam President, because I was told quite clearly that the policy of the Government is in

the manifesto. But the policy has to be also when there is economic decline. The policy has to be a broad-based policy. And if it is not in the manifesto—[*Desk thumping*—I am not saying it should be there, but if it is not there then I am hoping that the Government will articulate it very clearly. And I get the assurance from Sen. Khan that it will be, because these are the categories. In the mid-year review I really would like for the Minister to indicate what his position is on goods and services. How is he going to finance his public sector investments? The debt servicing obligations, is he going to refinance? Wages? What is Government's policy with wages? And what is Government's policy with the efficiency of transfer? We need to prepare.

I think Sen. Mark made a valuable point, we need to prepare the population, and we need to ensure that there is an absence of misinformation, and I concur with the hon. Minister of Finance that we need to ensure that there is an absence of misinformation. This is a society in which the talk shows can really drive public opinion, and it may not be based on fact. Let us prepare the population, and as we prepare the population for what I consider to be the difficult road ahead, I need further guidance from the Government. I need the policy of the Government to be articulated with respect to the Heritage Fund.

In the last presentation of the Minister in expanding the limits to borrowing, his view was that, what is the Heritage Fund for? Is it supposed to be a trophy? Those were his words. It is on the *Hansard*. Well, it was not a trophy for Kuwait that has absolutely no problem now with this collapse in oil prices. It was never a trophy for Qatar; it was never a trophy for the United Arab Emirates; it is not a trophy for Norway; and it is certainly not a trophy for Saudi Arabia. These are countries which have one thing in common with Trinidad, they are oil producers. But what they do not have in common with us is this, they have a huge amount of oil and gas

reserves. There is a huge amount of reserves there. We have a smaller amount of oil. Our output is now a concern. And, for them—you see, the important point was this, for Norway it was important to build that fund although it was a wealthy European country. For Qatar it was important to build that fund although they were swimming and floating in oil; for Saudi it was important; but, for us where we have a smaller reserve, and we are subject to the vagaries of the international market, and the volatility of investments from the foreign companies, we did not think it too significant to build up at the level that we should have built up.

So, let us get from the Minister what the Government's policy finally is? My numbers are very clear. I am in the public domain for the last 15 years or so, on what I thought the fund should have done. But, let us hope that when we go in there, however small it is, it is only the returns we are going to get. That is the objective of a fund, you know. It is a permanent stock. It is converting a non-renewable resource which is going to be extracted and which will disappear into a permanent stock which will generate a flow of income across the generation. It is financial sustainability, and it is very straightforward. Let us see what the Government's position is on that HSF, and whether in fact they hold the view that there is a number that they should reach.

The Saudis have a number, they can take some \$50 billion out of it, returns only. The Norwegians they have a huge number, they can take from now until Norway exists and not exhaust that particular fund. Let us see whether we can get the maturity at the level of the State, at the level of the Government, to think along those lines.

Madam President, I need in this time of crisis, given my knowledge of economic history, to understand what Government's position is with respect to capital flight in this country, and managing our external reserves. We suffered, you see. This is

not hypothetical. This is not theoretical. Between '82 and '85 we experienced a significant loss of revenues, largely due to capital flight. I have asked for a debt monitoring unit to monitor the public debt. What I would ask the Minister to do, is to ensure that there is a capital flight monitoring unit within the Central Bank. I would like to know how our reserves position is behaving on a week-to-week basis. I think it is that important. I would like to see whether we are experiencing drastic falls, because reserves have a way of running very quickly, money has a way of being wire transferred in 24 hours, and reserves get lost. The IMF has certain measures in place when it lends money to ensure that the foreign reserves that they lend you are not used to finance the capital flight of those with money into domiciles and inter-financial domains that they consider safer. We need to be watching for capital flight, and we need to get the assurance that the Government is looking at capital flight in a meaningful way, so that we could ensure that what we saw in the 1980s is not replicated in this time, 30-something years later.

Madam President, I want to endorse a position taken up by Sen. Mark, and that is, if we are going to maintain social stability—and I raise this from a public interest perspective. We have seen social instability in this country whenever there is economic decline. We saw it in 1970; we saw it in 1990. Let us not see it again. Let us communicate with the population. Let there not be misinformation. Let us dialogue. The mechanism for dialogue is now here. We are in the online age. Is the Government truly committed to “tri-partism”? Are we going to see soon an important meeting between labour, and business, and Government? We are talking. We are seeing the Government asking the business sector not to lay off workers. Let us come and let us talk to them, we will give you certain things. Maybe we will give you an investment tax credit. Do not lay off workers. Or, alternatively, can you engage in a work-sharing programme, so instead of laying off workers, can

you keep them on for three days of the week? All of them, and do not lay them off. They need to live. These are things we need to do now, but in order to achieve the social cohesiveness we need the dialogue between labour, business and Government to start, and we need to speak behind closed doors. So, that each of the actors, Government will speak to its constituents, labour will speak to its members, and business will speak to the chambers. We need—

Madam President: Sen. Mahabir, you have five more minutes.

Sen. Dr. D. Mahabir: Thank you very much, Madam President. Let us start the process now so we maintain stability in our society; “tri-partism”, and we need to ensure that the economy now is restructured.

The moment we accept that since 2008 we have had a stagnating economy with inflation. Yes, that is called stagflation. There is a literature on stagflation. The problem here is how do you increase labour productivity? How do you increase the GDP? How do you diversify the economy? How do you add new sectors? The past model has failed. Sen. Crease in his contribution in the last debate indicated that you cannot do the same thing and expect different results. We have not been able to diversify. I have proposed a solution, that we get the research institutes, we get the Government, and we get the manufacturing sector to come together, identify markets internationally so that we could diversify our economy. We need to change our model. I know I may not be right, but if I am not right, come up with a different plan. Madam President, the old plan did not work. It did not work for the last 50 years, and we need to move beyond gas now into a different arena. Let us start talking about that. Let us start talking about where our strengths lie and what markets we can have in the region that we operate.

Madam President, the US economy is now growing. It offers advantages for us. It offers advantages for tourism and Tobago can benefit. Let us see how Tobago is

poised to benefit from US growth. It offers advantages for US investments; it offers advantages for remittances, where Trinidad citizens maintaining relatives abroad can support and send foreign exchange to our people here, but we need to ensure that the transfers are not going to be costly, that we put up a mechanism at the level of the State to make these transfers from poor people in Brooklyn to poor people in Port of Spain easier and free of these onerous bank fees which are paid for transfers. In that way we help the poor people, we help the economy.

3.45 p.m.

Madam President, the economy, in my mind, is going to be sluggish for a while. We need to prepare our population for it. We have seen the distraction which has occurred in the past when people were misinformed and they saw Government actions as being vile and wicked, when, in fact, it was the economic necessity. Let us, at least on this Bench, we will ensure that there is social stability, but I need the Government to do certain things to convey to the population that the adjustments are going to be shared equally by all.

In concluding, Madam President, in this Finance Bill, 2016 I just need to indicate to this Parliament that we have lived beyond our means for too long. We cannot continue spending \$60 billion when all we could earn is \$40 billion. We need to start living within our means. We need to prepare ourselves and the population. The Government needs to do its part. I think that once we are able to indicate that the situation in the international economy has changed, the situation in the oil economy has changed, the situation with respect to China has changed, India is the lone economy that is growing at 7 per cent—we are in for a very rough ride, but by recognizing that there is a rough ride ahead let us all put on our seatbelts and tighten ourselves. Once we do that, Madam President we will be able in this country to weather the storm. If we do not we are going to open the doors for chaos

and for crisis. Thank you, Madam President. [*Desk thumping*]

The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan): Madam President, I rise to contribute to this debate on the Finance Bill, 2016. Madam President, let me continue from where the Minister of Finance left off and try to put this Bill into context. On September 07 a new administration was elected into office. We had barely one month to put a budget presentation together. And I want to compliment the Minister of Finance again for a job that was perfectly well done. [*Desk thumping*]

We debated the budget. Coming quickly on the heels of the budget we brought legislation to this Senate again to increase the ceiling of the borrowing limit, because by that time the past administration had maxed out the borrowing capacity of the country. We debated amendments to three Acts here: Development Loans Act, the Guarantee of Loans (Companies) Act and the External Loans Act.

The hon. Minister of Finance, again, in his contribution articulated a fiscal agenda of Bills that will be coming to this Senate and into the other place over the coming three to four months, which will deal, inter alia, with a package of legislation that will help put the economy into context and put us on an even keel as we face the challenges ahead.

Just to repeat, next week or so we will be coming with the closing of the accounts, 2015. It will be followed by what we call the Finance Bill No. 2, which is a stimulation package for the construction sector. We will be bringing amendments to the Property Tax Act as the hon. Minister had said, to implement property tax at the amounts, 2009. We will be bringing legislation on the gaming and betting industry to stop the leakage and possibly money laundering in that industry, and it is a revenue opportunity for us in Trinidad and Tobago. Most importantly, we will be bringing key legislation as to how we deal with the

Heritage and Stabilisation Fund, breaking it into two components, a heritage component and a stabilization component. And he also mentioned the Insurance Bill.

Madam President, it is clear that the Minister of Finance has a clarity of vision, an in-depth understanding of the economic fundamentals of this country and he has prescribed a formula for us that hopefully will take this country out of the doldrums that it currently is in. [*Desk thumping*] And you know what baffles me, Madam President, about the Minister of Finance, he is a civil engineer whose last Cabinet portfolio was the Minister of Works. If an uninformed observer had come to this Parliament they would have surely believed that the hon. Colm Imbert is a trained economist and a financial expert.

Hon. Senator: “Ohhh.” [*Desk thumping*]

Sen. Gopee-Scoon: Mr. Mark, you hear that.

Sen. The Hon. F. Khan: And, Madam President, why I say that—

Sen. Mark: You are disrespecting the economic officials.

Sen. The Hon. F. Khan: I say that because that is the talent pool that exists in the People’s National Movement. [*Desk thumping*] And Sen. Mark talking about PNM, PNM, PNM. Let me go on record in this Senate to indicate, and to the nation at large, that on the 24th of this month, next week Sunday, the People’s National Movement will be celebrating [*Desk thumping*] 60 long years, 60 continuous years as a political party and we have contributed immensely to the social, political and economic development of Trinidad and Tobago. [*Desk thumping and crosstalk*]

I will go further, we have produced four political leaders all of whom have gone on to become Prime Ministers of Trinidad and Tobago [*Desk thumping*] starting with Dr. Eric Williams, George Michael Chambers, Patrick Augustus Mervyn Manning and now the hon. Dr. Keith Christopher Rowley, [*Desk*

thumping] all political giants in their own right. And today, I stand in this Senate, proudly, as the Chairman of the People's National Movement, as we celebrate 60 years, [*Desk thumping*] and we will be having a one-year celebration, so stay tuned Parliament, stay tuned Trinidad and Tobago for further announcement.

Sen. Ameen: Free advertisement. [*Laughter*]

Sen. The Hon. F. Khan: Madam President, let me just rebut some of the comments made by the previous two speakers. Sen. Mark, I had indicated that the hon. Minister of Finance is an economist based on his knowledge step. You are not obviously, because the foreign reserves is not cash available to the Government.

Hon. Imbert: He said so. He said that we could just go and take the foreign reserves.

Sen. The Hon. F. Khan: So where this \$100 billion came from? US dollars have to be paid with TT dollars. It is not free money.

Hon. Imbert: It is not ours.

Sen. The Hon. F. Khan: He just said that we cannot touch the Heritage and Stabilisation Fund. We know that. We were going to march and we would be up and down, we will bring legislation here to ask the Parliament to agree that we split the fund into two. We are not sure what percentages yet, because there is a heritage component which is intergenerational and there is a stabilization component which by definition means you stabilize in times of low oil prices. So where the imaginary \$100 billion left by the United National Congress and the Congress of the People is, God alone knows.

And just to indicate to Sen. Dr. Mahabir that your concept of "if the economy is not expanding VAT collection will be reduced", while there may be some theoretical basis for that statement, the fact of the matter is that for the first quarter of this fiscal year, the projected VAT collection was \$1.8 billion, the actual

VAT collection was \$1.9 billion. And we have not even started to ramp up our collection drive. Okay, so we say this guardedly—[*Crosstalk*] but things are on track.

Hon. Imbert: But the Governor said the last quarter was in a recession. He said that.

Sen. The Hon. F. Khan: But, Madam President, let me now deal with the Bill.

Hon. Imbert: How come VAT is going up? You explain that to me.

Sen. The Hon. F. Khan: The Bill has certain parts. There is an immigration part and a motor vehicle and traffic part which deals with free passport and free driver's permit for people over the age of 60. There is the VAT component and then there is the income tax regulation which increases the allowances from \$60,000 to \$72,000 and then there is corporation tax, business levy increasing from 0.2 per cent to 0.6 per cent. Miscellaneous tax is the green fund levy, increasing from 0.1 per cent to 0.3 per cent.

Let me just for the records again, I know I promised something I did not deliver, but when it comes back into print it will surely be made available. This document is so popular that we have run out—[*Laughter*] I have begged all my colleagues, I said, who has a copy? Nobody has a copy because it is a sold out version. But we will have another edition coming.

Page 97. It is verbatim. The Bill is almost verbatim from the manifesto. On page 97:

“INCREASE THE ANNUAL PERSONAL ALLOWANCE to \$72,000 for all taxpayers, to put more disposable income in the hands of citizens”

It goes on:

“Reduce VAT to 12.5% to provide much-needed relief to all consumers and lower the cost of living, while aggressively improving tax collections”

And let me just make this point:

A lot is being said about what has been removed from the zero-rated category to the now 12.5 per cent category. But overall, VAT has been reduced from 15 per cent to 12.5 per cent and that must have an impact on the course of living. Okay? So you are making heavy weather of the items that were moved out from the zero-rated category into the VATable category, bearing in mind what the Minister of Finance said, that VAT is a consumption tax and there was absolutely no basis to take out processed foods, especially foreign processed food, and luxury and quasi-luxury items, because they were food based, and put it into the zero-rated category. We make no apologies for that.

So, Madam President—and then here now as we deal with the driver's permit and the passport, we have in the manifesto:

“DESIGN AND INTRODUCE A RETIREE BENEFITS programme similar to Panama's Pensionado Programme...”

And we have looked at the Panama programme. Again, if we use that as a model that whole benefit profile for retirees will continue to expand once we can afford it.
[Crosstalk]

Okay, so, Madam President, let me focus on what will be the core of my contribution which I will deal in some detail with, this oil pricing thing and how the energy sector is performing. Madam President, in his budget presentation the Minister of Finance forecasted a budget deficit of \$2.8 billion or 1.7 per cent of GDP. Obviously, from what has been transpiring in the recent months, this deficit figure is now under serious threat, largely because on the revenue side we will be falling short as it relates to revenue coming out of the energy sector, in particular oil and gas.

Madam President, let me make something abundantly clear here this

afternoon. I blame no one, I cast aspersions on no one. Previous administrations are collectively responsible for this situation. There are serious structural problems in the architecture of the economy of Trinidad and Tobago.

Sen. Dr. Mahabir: Well said, Senator.

Sen. The Hon. F. Khan: Serious structural problems, and I have coined a new phrase, “in the architecture of the economy of Trinidad and Tobago”.

Firstly and foremost, it is our over-reliance on oil and gas. Oil and gas contributes 40 per cent of GDP and close to 70 to 80 per cent of foreign exchange. Check Venezuela, do you know oil and gas contributes 96 per cent of exports of Venezuela. So, if you think we are in trouble, they are in more trouble. The corollary to that statement, Madam President, is that there is a dire need to diversify this economy. [*Desk thumping*] Okay? The Minister of Trade and Industry will deal with that tonight. The Minister of Trade and Industry will make a statement this evening or later tonight on that. We need to increase competitiveness and we need to increase productivity. I will come back to the Minister of Trade and Industry.

4.00 p.m.

Madam President, as Minister of Rural Development and Local Government, I am championing the cause on local government reform. We headed a consultation in San Fernando—the first one, a couple weeks ago—and what do you think was the response from the audience and the population? “Minister, we fed up hear about local government reform, boy. Is not now dey talking about that, yuh know. Why do you think it will happen now?” And I said, under Dr. Rowley I am convinced that we have the political will to do it. [*Desk thumping*] And if we go to keep a consultation on diversification now—since Ken Valley’s time we were talking about diversification—we will be asked the same question. It is not today Trinidad

and Tobago “talking about diversification, yuh know”. Why do you think it will happen now?

Apart from saying that under Dr. Rowley we have the political will to do it, I will go further and say, “is water more than flour”. If we do not do it, we die. And, thirdly, Madam President, this country has to, and must, increase agricultural output. As we speak, agriculture contributes 0.5 per cent of GDP. That is a travesty. Again, successive administrations have to take full responsibility for that. Probably I know of no country in the world where agriculture contributes 0.5 per cent of GDP. Today, I guarantee this House that the hon. Minister of Agriculture, Land and Fisheries will make a major contribution to tell the nation what are our plans for agriculture.

Madam President, let me now delve into this oil pricing. In a debate in the other place the Prime Minister spoke very late in the night—after 11. I hope most of you woke up to listen to him, but I did—and his contribution was based on one fundamental principle, where he said:

“Ladies and gentlemen of Trinidad and Tobago, the circumstances in Trinidad and Tobago have changed.”

I will repeat that:

“...the circumstances in Trinidad and Tobago have changed.”

And I will now say, changed fundamentally, because, Madam President—I do not want to get you in the debate but you are an attorney—changed circumstance is a fundamental concept in law. Changed circumstance could be the basis to renegotiate a contract. Changed circumstance, in some cases, could even be the basis to annul a contract.

So when a Prime Minister says that the circumstances of this country have changed, please take him seriously, because we have been hit by a double

whammy. The Minister of Finance said it, low energy output—crude oil production is now 76,000 barrels per day, from a high of 270,000 in 1977, and from—not a high, but from about 100,000 in 2010. It is now down to 76,000 barrels per day. Right now there is a 15 per cent gas production deficit that is hurting Point Lisas, and the NGC has to juggle the gas production as to who to give it to and who not to give it to.

What we seem to be hit—it is almost like a perfect storm, in the negative sense. Because, Madam President, I do not want to be a forecaster of doom and gloom; I just want to paint a realistic picture. Because oil—you see oil? “Ah doh know what tuh say bout oil.” I am from the oil industry. I spent all my career there. But oil is the only commodity in the world that I know of that is traded internationally whose price bears absolutely no bearing to cost of production. I know of one other, Madam President. It is Louis Vuitton handbags. But I will leave that for you all.

Hon. Senator: I do not want one.

Sen. The Hon. F. Khan: But, seriously, oil prices over the years have borne no relation to cost of production, and even sometimes to supply and demand. It is so unpredictable—it is now we are trying to look for mechanisms to understand what is happening. But it is so unpredictable that the only upside of this present scenario that I see is that in most cases, historically, the pundits are wrong. So if they are forecasting an extended period of low oil price, something seems to happen in the world that changes that. Historically, eh. I have no empirical evidence. It is just what has happened over the past. But I seek no comfort in that scenario.

So to prove what has happened with oil price, let me read from the budget, page 60. This is the budget presentation of the hon. Minister of Finance. He said:

“It should be noted that the Government is utilizing an oil price assumption of US \$45 per barrel for 2016” —for West Texas Intermediate crude, which

is—“our reference crudes, in the context of recent projections by the International Monetary Fund and the Energy Information Administration of the USA of annual prices oil per barrel for 2016 of between US \$50.40 and US \$53.57...”

So he conservatively pegged his price of \$45 because the IMF prediction was that oil price will range between \$50 and \$53 a barrel. And he went on to say:

“We have...factored in what we consider to be a reasonable cushion of US \$5 to US \$8 per barrel to cover us in the event of another oil shock.”

The oil shock was catastrophic because we were catering for a 5 to 8 per cent drop as a cushion to the oil shock. The oil shock turned out to be significantly higher than that. So the IMF said oil price will be \$50 to \$53. This is a January publication of an IMF report. It says:

“Bad, bad news: Oil prices to drop to between \$5 and \$15”—per barrel.

Miss Christine Lagarde, the head of the IMF—

Hon. Senator: Five to 15 she said?

Sen. The Hon. F. Khan: No, no. The price will drop by \$5 to \$15. She says now:

“The days ahead may just be harder than envisaged as the International Monetary Fund (IMF), Thursday, said crude oil prices may slump to as low as \$20 a barrel in 2016.”

It goes on to say:

“Following the release of the ‘IMF Executive Board Concludes 2015 Article IV Consultation with Iran’”—

If oil price reaches that, it would mean that Nigeria will get at least 47.4 per cent less revenue from oil than it had projected. And it went on to say—and this is just information:

As at November, Iran, with the world’s fourth largest oil reserve”—Saudi is

number one, obviously.

And listen to this:

...Iran, with the world's fourth largest oil reserve had 36 million barrels of oil stored in offshore tankers, awaiting the agreement of the West for free up their trade.

Thirty-six million barrels of oil stored in oil tankers. And it gets worse. This is—we are talking here WTI and Brent. Listen to this. This was when oil was around \$35; this is about a month ago.

“As oil crashed through \$35 a barrel in New York”—today—“some producers are already living with the reality of much lower prices.”

Nobody is speaking about heavy oil, “yuh know”.

“A mix of Mexican crudes is already valued at less than \$28,”—a barrel—
“an 11-year low, according to data compiled by Bloomberg.”

The heaviest variety of oil in Asia is now selling for around \$25, and in western Canada some heavy and high sulphur crudes are selling as low as \$22 a barrel.

Madam President, for the record, a lot of Petrotrin crudes fall into the heavy category. Petrotrin does not sell crude on the international market. It is a transfer price between the E&P side and the refinery.

Now, I make the point to say that we live in an unpredictable scenario. So we now have to come up with strategies, as I said, to stabilize this economy and set it in a position that at least we can cut our cloth to suit what we have, and adjust our lifestyles over, probably the medium term, to suit the current economic environment.

Hon. Senator: Tell us how.

Sen. The Hon. F. Khan: All right. The prediction for the next two years is forecast to be low. It is largely based on four factors which I will just outline here:

the slowdown of China's economic growth, as Sen. Dhanayshar Mahabir has said; increased production of shale oil from continental United States—and this is where it gets dicey. Saudi's insistence that they could put shale oil out of the market, so they are no longer playing the swing producer in this game at all, and they keep their production levels high, not knowing that the technology in the United States is bringing the cost of economic threshold of the shale oil lower and lower; as I said earlier, Iran's 36 million barrels of inventories alone—that is outside of new production, eh—good; and overall, the high inventories worldwide.

So if this thing follows classic economic theory, the oil price will stay low. We, as a government, cannot sit down and twiddle our thumbs in a scenario like this. We need to have short-term and long-term solutions. We, as a government, plan to increase revenue in the non-oil sector. Okay? The Minister of Trade and Industry will identify some of these areas. We need to decrease expenditure in the short term, in particular, by managing waste, inefficiency and possibly corruption, and in making strategic cuts. The Prime Minister outlined that there will be—he has mandated a 7 per cent cut in the operating budget of Trinidad and Tobago, both at the Ministry level and at the state enterprise level. We will also manage the deficit, which was legislation brought here, through judicious borrowing. Because one of the good things that we had done as a country, eh, prior to this last blitz of borrowing by the UNC partnership from 2010 to 2015, we had always managed our external debt, and debt to GDP was in the early forties, moving up to 46/47 per cent at the end of the Manning administration, which was internationally extremely good.

Had it not been for that blitz of borrowing—and the blitz of borrowing took place when oil prices were over \$100 a barrel. So when you analyze this thing at its rawest level, you see the level of inefficiency and waste that was perpetrated on

this country by the United National Congress and the People's Partnership administration. [*Desk thumping*] And finally, Madam President, we will be tapping into our savings with an extreme form of discretion and caution because that is all we can do. Okay, I will come to that shortly.

So, Madam President, let me now spend my remaining time to compare what we have offered this country and what other countries that have found themselves in a similar position are doing. Sen. Mahabir mentioned it en passant, but there are countries in this world that went through the same energy dependency in terms of their national economy. I like to say there is a pecking order, and I cast no aspersions because I am a member of a government so we do not want to speak ill of other nations. But in that pecking order, at the top of the list is Norway. At the bottom of the list may be countries like Nigeria and Venezuela. I think Trinidad ranks somewhere in the middle or upper middle. There are countries like Saudi and United Arab Emirates, Dubai, Qatar, Bahrain, and some of these countries that have done very well. But let us take Norway, for example. Norway has something called the Sovereign Wealth Fund. That is sacrosanct. This article says here that: "Norway to start withdrawals from oil fund to plug deficits" Norway, for the first time in 20 years, is going to tap into their sovereign fund to help balance their budget. But they are in a different situation to us.

"Norway predicts that it will for the first time need to withdraw cash from its \$820 billion sovereign fund..."—\$820billion.

4.15 p.m.

Our fund is \$6.5 billion.

Hon. Senator: That is in US?

Sen. The Hon. F. Khan: Yes, it is in US, 800. Madam President, Norway has five million people, just four times the population of Trinidad and Tobago. However,

Norway's situation is not like ours. Norway was awash with production. Norway owned about two-thirds or three-fifths of North Sea production. The smaller part of the production came under the UK and Norway had it. So Norway was in extremely boom conditions. You know, I respect Norway because they know what they are doing. Listen to this.

“In 1971—when North Sea oil was just beginning to flow—the average Norwegian was about as poor as the average Greek.”

This is a GDP chart here. [*Senator shows chart*] On top of the list was Switzerland, at the bottom of the list, tied for last was Norway and Greece.

We fast forward to 2013. At the top of the list in terms of GDP per capita is Norway. But in second is Switzerland, then Sweden, Denmark, Germany, UK, France, Italy. Greece stayed at the bottom of the list. But, Madam President, Norway has a lot of funds but the fact is that they took the decision to delve into their saving because they have seen that this is a crisis. So it not so unusual for a country like Trinidad and Tobago, for a Government to ask a say, “Let us consider a judicious withdrawal based on heritage and based on stabilisation.”

Sen. Dr. Mahabir: You are not getting the support on this Bench at all.

Sen. The Hon. F. Khan: No, you speak for yourself not for the Bench.

Sen. Dr. Mahabir: No, no, no.

Sen. The Hon. F. Khan: And finally I will quote from this article, Madam President, is that—and again it rates up Norway. It says:

“Norway's good governance ensured that the oil boom wasn't squandered as it was elsewhere. Hopefully the same governance can help smooth the adjustment process now that ‘activity in the petroleum sector has passed the peak.’”

Let me deal quickly with Saudi Arabia now. Saudi Arabia reveals cut to plan to

shrink its \$98 billion budget deficit. The mighty Saudi Arabia, Madam President, forecasted a budget deficit for 2016 of \$97.9 billion, 15 per cent of GDP. That is extremely high. Our forecast was 1.7, and even if it goes to three or four, it is nothing near to what the Saudi has. And the mighty Saudi Arabia hear them now—here is what the IMF is saying:

“The plan suggests the kingdom is not counting on a major recovery of oil prices any time soon but...instead”—is—“preparing for a multi-year period of cheap oil.”

Listen to this:

“The International Monetary Fund warned in October that Riyadh would run out of money within five years if it does not tighten its belt.”

Hear what Saudi is planning to do:

“The government plans to introduce...value-added tax...”

The same VAT the Minister of Finance talking about. Could you have imagined the Saudis telling their population about VAT 10 years ago? Saudi does not pay income tax.

“In its budget statement, the”—finance ministry—“said it would adjust subsidies for water, electricity”—and subsidies on gasoline prices

So the Saudis are going to cut the subsidy on gasoline prices. Our Minister of Finance just had a 15 per cent adjustment on the subsidy and people want to rant and rave for that, especially the Opposition. The mighty Saudi Arabia is going to cut the subsidies on electricity, on petroleum products, on water, and most importantly, introduce VAT and still touch into their Heritage and Stabilisation Fund. Listen to this one.

Saudi Arabia could list production assets in Aramco's IPO.

I am sorry Sen. Small is not here.

Saudi Arabia could list production assets in Aramco's IPO.

This is the sacred cow. Saudi Aramco is the world's largest oil company. It is the world's largest company. It is 10 times the size of Apple. It is virtually 20 times the size of ExxonMobil. It controls 15 per cent of the world's oil and gas reserves. Its capital value is between eight and 10 trillion US dollars.

Sen. Gopee-Scoon: That is right.

Sen. The Hon. F. Khan: There are certain things that are sacred cows in the Middle East and in Latin America and that is their oil company, because in most of those countries the oil reserves are enshrined in the Constitution as the national heritage. It is so in PDVSA in Venezuela; it is so in Pemex in Mexico, Ecopetrol in Colombia, and most definitely Saudi Aramco. And, Madam President, Saudi Aramco is saying its crisis is so bad that we are going to have a limited IPO on certain selected assets out of the basket of Saudi Aramco's assets.

I make these points, Madam President, because we in Trinidad and Tobago feel we exist in a cocoon. There is a world out there and things are happening and we have to adjust, but I make the point that our adjustment, based on what faces us, is still not as draconian as some of these countries outside there.

Madam President, in closing, as much as I painted a sort of negative picture as to where we are and spoke about structural problems in the architecture of the Trinidad and Tobago economy, it is still our view that as a country, and especially under successive PNM administrations, we did a lot of things right. As we speak outside of the sector—well we have really crafted the energy sector. We have monetized gas through LNG; we have had exploration, production, bid rounds and we have had everything that is policy, that is worth it; we built Point Lisas; we were building the Labidco industrial estate; the Union industrial estate. So we are the architectures and authors of the energy framework of Trinidad and Tobago.

But more importantly, the non-oil sector, Trinidad and Tobago still boasts of the most competitive manufacturing sector in Caricom. [*Desk thumping*] And you see that, that is a direct result of George Michael Chambers [*Desk thumping*] because it is he who had liberalized the economy and said no more negative list, and told the manufacturers in Trinidad and Tobago get your act together. They have done that, and today while—the Minister of Trade and Industry will expand on this—they are trying to expand their market in particular into Latin America and Europe, and to some extent the United States, from a Caricom point of view we are by far the most competitive. Whether late or never, whether we put enough into the fund, we did in fact establish a Heritage and Stabilisation Fund. [*Desk thumping*]

And more importantly—[*Interruption*] because there was a fund before, eh. And then when they made the Heritage and Stabilisation Fund they transferred that fund into that. “So leh we ain’t talk ’bout who formed it.” The other thing most importantly, and I would still say is the flagship accomplishment of the Patrick Manning administration, is that we invested heavily into the development of human capital. In a sense that might be a better investment than putting it in a fund you know, because it was Mr. Manning’s administration who introduced GATE, who formed the UTT, who expanded—busting at its seams Sen. Dhanayshar—the intake of the—[*Interruption*] Please?

Madam President: You have two more minutes.

Sen. The Hon. F. Khan: Two more minutes?

Madam President: Yes.

Sen. The Hon. F. Khan:—UWI. So we invested heavily in human capital. And finally, the other plus of this economy as I said earlier before, apart from the blitz of borrowing between 2010—2015, this country had borrowed judiciously and had a very manageable debt to production ratio.

So, Madam President, as I close, I just want to say something political. I am reading from the *Express* here yesterday,

Finance Bill passed. Imbert: PNM will save Trinidad and Tobago.

And he quoted when he wound up the debate in the House, from Michael Douglas film, the *American President*, which Douglas played the President, and he is quoted as saying:

“We have serious problems to solve, and we need serious people to solve them.”

I will just add one other quote, Madam President. You know, Ronald Reagan was the king of the one liner and he said:

“A recession is when your neighbor loses his job.”

He was fighting Jimmy Carter in the first election.

“A depression is when you lose yours. Recovery is when Jimmy Carter loses his”—job.

I will paraphrase that to say:

“A recovery means when the UNC loses his job.” [*Laughter and desk thumping*]

That happened on September 07 and a PNM administration will chart the recovery of Trinidad and Tobago.

Thank you, President. [*Desk thumping*]

Madam President: I think this is a good time to take the tea break. So we will suspend until 5.00 p.m.

4.26 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

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

Mr. Vice-President: Sen. Hadeed.

Sen. Gerald Hadeed: Thank you, Mr. Vice-President. I stand today to speak on an

Act to provide for the variation of certain duties and taxes and to introduce provisions of a fiscal nature and for related matters.

Mr. Vice-President, I have two pieces of advice, I would like to start with the hon. Members of Government. People prefer to change their Government than change their lifestyle. Second piece of advice, people judge a Government by its action, not its communication. We are only six here on this side. We have 18 in the other place. We are not the people who will judge you. Over 600,000 citizens who use the social media are the persons who will judge you. The communities for where they come from, their families when they sit down, these are the people, these are the citizens, who would judge you by your actions.

Remember, when we ask questions here, we ask questions in the interest and in the benefit of the citizens of Trinidad and Tobago. And to answer and not answer questions and be arrogant about how you answer the questions is a slap, not in our faces, Mr. Vice-President, it is a slap in the faces of the citizens of Trinidad and Tobago. [*Desk thumping*] They are the ones who will deal with you. We are not the ones who will deal with—they are the ones who will punish you when the time comes. All the boast about whose time it is and whose face we are in front of and who in charge, “that eh flying, you know, that eh flying with nobody. Dat is only mamaguy amongst yourselves.” The people want answers to questions. We are just the voices of the people.

We are the people who have asked us to come here, hold your Government to account; explain to them why you are imposing taxation on them at the rate you want to do and misleading them when you said that you are going to reduce your VAT by 2.5 per cent. What you did? You showed in your budget allocations, you were getting \$4.5 billion more in VAT. How do you do that if you do not increase taxes on other commodities? You have left 100 items, approximately, that have no

VAT on them.

The people want to know that the promises you made to them are truthful. People will want to know what the cost will be to them when you impose taxes with regard to their homes, the property tax. All you are saying and telling us and telling the country is pure estimates. It is an estimate. We do not want to hear estimates. What we want to know is how much it is going to cost the poor people. In South Africa, there are two economies. There is an economy for the rich, an economy for the poor. How do you help the people who are most disadvantaged? How do you help them? You have to make their lives much better. You cannot continue punishing the poor.

In 1986, during the NAR regime, NAR Government, I remember going to Mr. Robinson and saying to him, “Prime Minister, the people in La Horquetta, the people in Arima, people on Pinto lands, the people all over Trinidad and Tobago, they cannot afford to pay the high rents that the National Housing Authority was charging. They cannot afford to pay the mortgages, they are losing their homes.” I remember him calling the then housing Minister—I think it was Mr. Humphrey—and gave instructions. Nobody in the disadvantaged areas who cannot afford to pay must lose their homes. They must not accumulate more debt with rent. I remember those days, the rent came down from \$1,200 to \$150. The houses moved from \$800,000 to \$150,000. Everybody had their mortgages reworked. That is what a caring Government does in times of recession. Please, I am asking you all, do not let people lose their homes, do not let people accumulate rents that they cannot pay. These are poor people we are dealing with. They are citizens of our country. Please, have some consideration for them.

The PNM described the NAR Government as vindictive and wicked. Always using the same words: vindictive and wicked uncaring, callous. It is the same thing,

every time you go into Opposition this is the way you go about destabilizing the Government. The people, most of the times, believe what you tell them but it is not good, it is not true and it is false. It led the viciousness, the plots that you worked in 1986, with the various organizations, almost led to the death of the man, Prime Minister. I am saying stop plotting and start planning. [*Desk thumping*]

How could people pay more for food? Why should people pay more for food? Why? Especially poor people. Fifty per cent of poor people's income go in food. Minister of Agriculture, Land and Fisheries, I am speaking to you. [*Interruption*]
You have a great opportunity to create the environment—[*Interruption*]

Sen. Rambharat: There is no VAT on—[*Interruption*]

Sen. G. Hadeed: I am not talking about VAT, I am talking about the opportunity you are given.

Sen. Rambharat: This is about VAT, not property tax.

Sen. G. Hadeed: We are talking about opportunities for the betterment of the citizens where they can create—export commodities to earn foreign exchange to help the country. [*Desk thumping*] Mr. Vice-President, I am sorry. I just want, Sir, to assist, if you can correct the following. Brian Kuei Tung introduced the fund in the budget of 2000 and it was Mr. Robinson, not Mr. Chambers, who liberalized the negative list under the first fiscal adjustment programme somewhere around 1988. [*Desk thumping*]

Coming back to the great Minister of Finance that you so eloquently boasted about.

Sen. Mark: In terms of his economic wizardry.

Sen. G. Hadeed: Economic wizardry. [*Laughter*] I would like to quote *Hansard* January 09, 2009, public sector construction projects:

“Another project that has been successfully executed within time and budget using the design/build approach is the International Waterfront Development

Project, and as we speak here today, another landmark project, the Performing Arts Academy is rapidly taking shape on the Princess Building Grounds, using the design/build approach to the amazement and delight of onlookers. [*Desk thumping*] You could put that in your pipe and smoke it.”

Well, today, you look at it. This is what the goodly Minister—[*Interruption*]

Sen. Mark: The economic wizard.

Sen. G. Hadeed: The economic wizard, as you called him. Look at it today. Where is it? It is barred around with blue galvanize, collapsing. I do hope our economy will not follow suit under the wizardry of your Minister of Finance. [*Desk thumping*] The price of oil fell to about—just under \$30. And of course, the price of gas also is under \$2.20. I will ask the Minister of Finance, he has indicated and he has given us so eloquently how much the country has lost in revenues by the drop in the price of oil. Could the Minister of Finance please advise the Senate here and, by extension, the country, how much revenues we have lost within the same period that he quoted with the price of gas dropping to where it is? I think it would be important for us to learn the whole picture and not piece of the picture [*Desk thumping*] because we will not be able to really understand where the economy is.

Hon. Imbert: It is the whole thing.

Sen. G. Hadeed: You have your chance later on to tell us that. You can tell me that, I will be happy to accept it.

Hon. Imbert: I just told you.

Sen. G. Hadeed: But do not tell me now, tell me when you have a chance.

Hon. Imbert: Telling you when I want to tell you.

Sen. G. Hadeed: You believe you could do that.

Hon. Imbert: I just did.

Sen. G. Hadeed: I would like to also ask the Minister of Finance, as you eloquently put it, Minister, Saudi Arabia Aramco, massive; trillions and trillions of dollars. They are putting out a partial IPO on certain assets. Am I correct? Am I quoting you correctly here?

5.15p.m.

Would the hon. Minister give us an indication of what he intends to do with Petrotrin? This is a question that needs answering. The reason I ask this, in 2018 we are going to be faced with a repayment bond of over US \$850million; US \$850 million for what? For an abandoned gas to liquids plant and an abandoned desulphurisation plant, two of them non-productive, nothing comes out of them. All we have now is steel growing on them. But yet, we have pay this bill in 2018; this bond. I would like to know how we are going to repay this large amount of money to the people who have extended the bond to us. It was conceptualized by the two most eminent brains in the society that you seem to be bringing back and regurgitating every time a PNM Government comes in here: Dr. Ken Julien and Mr. Malcolm Jones. “What happen, you cannot find no young people in this society to be able to bring them to help yuh?” [*Laughter and crosstalk*]

Hon. Imbert: “Wah bout you?”

Sen. G. Hadeed: Oh my God! I am here to correct you if you go wrong. [*Interruption*]

Hon. Imbert: “Dey cyar find ah young person for you?”

Sen. G. Hadeed: No, no, you had your turn. You will have your chance later. “Doh check my age.”

Sen. Mark: This Minister is insulting man. You have to bring him under control.

Hon. Imbert: “You in charge here?”

Sen. Mark: This North/East man.

Hon. Imbert: “You in charge here?”

Hon. Senator: “Yuh parang de wrong house.”

Hon. Imbert: “Yuh in de wrong house, yuh know.”

Sen. Mark: No, man “yuh playing de fool.

Hon. Imbert: You are no longer the Speaker, “yuh know?”

Sen. Mark: “Yuh cyar be carrying like dat.”

Hon. Imbert: Neither you.

Sen. Mark: Yeah, this arrogance, “we not taking dat”.

Hon. Imbert: “Cool yuh self.”

Sen. G. Hadeed: Again, we are dealing with the price of—[*Interruption*]

Hon. Imbert: “Yuh have withdrawal symptoms or what?”

Sen. G. Hadeed: Could I continue, Sir? Thank you very much.

Sen. Mark: “Dis arrogant Minister it have here.”

Sen. G. Hadeed: The Bank of Scotland predicted prices at \$20 a barrel. Goldman Sachs predicted prices at \$20 a barrel for oil. It may go lower than that. Minister, I said, and I will congratulate you when you are being forthright. We are entering dire, dire straits. We are entering a territory that we do not know anything about; absolutely nothing. It will be helpful if we work together in the best interest of the citizens of Trinidad and Tobago. So that we can get ourselves out of the problem that we are in. It is, to me, unproductive to be where we are. We have reached where we are because this decline had started many, many, many years ago.

I would like to just ask—[*Interruption*] could you ask the Minister of Fantasy Island—[*Laughter*] Thank you. You see, Mr. Vice-President, we are not in Fantasy Island here, you know. We are not here where somebody can stand on a rock and say: “Ah plane, ah plane.” [Laughter] No, no, reality has struck this country, [*Desk thumping and laughter*] and the reality is, there is no money.

We have a budget of \$63 billion to be revised in the mid-term review, to what? I understand and I was at a function where the hon. Prime Minister intimated and indicated that we can support a budget of \$46billion. It is left to be seen. However, if you can support or if you have the capability of only supporting \$46billion, where are the cuts coming from? We need to know, Mr. Vice-President. We cannot take the word of the hon. Minister for granted. I will explain why. And I quote from *Hansard*, House of Representatives, Wednesday, January 14, 2009. It was a statement made by a Minister, the hon. Patrick Manning on the continuing global economic decline, and I quote:

“Given the existing high liquidity environment, we are certain that this can be done exclusively on the domestic market.”

He was talking about borrowing.

“We believe that this is a far more acceptable solution than accessing the Heritage and Stabilisation Fund, permitted under the provision of the existing Heritage and Stabilisation Fund legislation. In other words, rather than go and take money from the Heritage and Stabilisation Fund, which we could do under the legislation, we have decided to raise the money by bonds on the domestic market, which the domestic market is quite able to supply to us. In fact, as you do that, we can dampen the inflationary pressures. We get two benefits out of it.”

The hon. Patrick Manning, Wednesday, January 14, 2009. He, himself saw the dangers of dipping into the fund. He, himself saw those dangers and he cautioned his own Government about doing so. He was part of that Government. The hon. Minister at that time supported this measure. Now, he supports the measure of going into the Stabilisation Fund, with the hon. Dr. Keith Rowley as his Prime Minister. Who was he deceiving? Who was he playing games with? One day you

accept the position of his former Prime Minister and say no, no stabilisation. He is here today as the hon. Minister of Finance, but yet, he is saying: “Yeah, leh we go and take de money. We need de money”. No, no, no, no, no, no, no; cannot work. The hon. Prime Minister at the time was right. This Opposition will not support that. [*Desk thumping*] It is there and has to be—more has to go into it. We must invest in the future. Not take “de money out” to pay the past. Do not do that.

Hon. Imbert: Your past.

Sen. G. Hadeed: Not my past. Not the Kamla Persad-Bissessar Government. No amount of trying to fool this country—people will continue to follow what you all have been saying.

There was an opportunity to draw down \$12billion to pay off the \$9billion that we had run up in the overdraft. There was \$12billion. Ask the question, why did the hon. Minister on the advice of the former Minister of Finance and the Economy, not do what was suggested? There was the TT \$4.6billion that was ready to be drawn down, with the signing of a signature from Bank of Nova Scotia for the TGU. Why was this money not drawn down?

I know what the People’s Partnership Government was doing with that money. They were going to pay off arrears, [*Interruption*] what we were owing the public servants. [*Desk thumping*] Do you know why it was not drawn down? Because they want to sell the plant to their favourite friends Ferrostaal.

Hon. Senators: Wow! Ooooooooooh!

Sen. G. Hadeed: Yes. They would like to be able—and what is worse about it? The TGU plant—which plant? “Yuh playing like yuh eh understand English”. [*Crosstalk*] Wait and see.

Mr. Vice-President: Senator, can we please minimize the crosstalk. And also Senator, could you please address the Chair when you are speaking?

Sen. G. Hadeed: Sorry about that, Sir. The talk is, Mr. Vice-President, and when “de talk” is around, understand they have plans to sell TGU to—[*Interruption*]

Hon. Imbert: “Buh we do own it.”

Sen. G. Hadeed: “Yuh doh own it?”

Hon. Imbert: No.

Sen. G. Hadeed: Who own it?

Mr. Vice-President: Hon. Minister, could we please and minimize the crosstalk so that we can get the contribution of the Senator?

Hon. Imbert: Sorry, Sir.

Sen. G. Hadeed: Yes, Mr. Vice-President. We need to be realistic. We need to be honest and we need to truthful. We owe money to the public servants, a lot of money in arrears—called out the amount of money today. There was a way to pay them. The union should ask the Minister of Finance for their money. There was money there for that. [*Desk thumping*] They did not draw down the \$12billion. There is a reason for it. He did say that they are coming here—I think is—[*Interruption*]

Sen. Mark: April.

Sen. G. Hadeed: No, no. They were coming to present the closing off—financial statements; the accounts.

Why did they not bring all of these things in? They just would like to show how much money was spent by the previous Government. However, \$25billion was used to pay debt for Clico and CL Financial; \$25 billion. When you put that into the equation, but there are assets to be sold off to repay that. It is not a debt that is not accounted for by way of not having assets. There are assets for it. So to say that you have \$25billion, Mr. Vice-President, to say that we are owing all of this amount of money, it is wrong. It is misleading. There is \$12 billion to collect, if

they have not collected this \$12 billion; to collect; \$25 billion and \$12 billion; \$37billion, that is there. It is there. [*Crosstalk*]

So as I will continue, the deception and the planning to mislead the country is their prerogative, but the people will soon find out that they have and they always misled lead this country, not today, all along. “Dey come, dey getde Government, dey run up the bills, dey do what dey have to do, dey leave the place pauperised”, somebody else have to come and clean up the mess; Robinson did it, Kamla Persad-Bissessar did it. Every single time they come into Government, they know how to spend. They are spend merchants; they know that. [*Desk thumping*] They know how to spend. They are absolutely correct and they know on how to spend. “Dey eh know how to save, and dey know how to plan”; no plan. To this day they have no plan. “Dey come in here hodgepodge, and dey talk about this one dey, dey talk about dat one, dey do not know how to plan.” [*Interruption*]

5.30p.m.

Sen. Mark: Fantasy Island—plane, plane.

Sen. G. Hadeed: Plane, look the plane. [*Laughter*] As I was saying, the price of oil fell under \$30 today. The price of gas is under \$2.20 per MMBtu. Since they tend more recently to move in tandem, our economy, our earnings, our foreign exchange, and, clearly, the revenues of the Government have been influenced by the international price of energy. This is not rocket science, except that we have little control over these prices. It is to nobody’s benefit that we see to spending time to blame one another. The blame game is over, when the issue that we face is the national crisis. The blame game is over, let us face reality. The present administration has been in power for over four months, all the projections point to continued soft energy market, however, our Government remains stuck in one gear.

Indeed, the depressing effect of the declining energy prices is made more even worse by the failure of the Government to move beyond the arithmetic to creating a pathway out of the crisis and/or stabilizing of the economy. We have had statements to the effect that you are not going to the IMF, but simply announcing this will not save us unless we embark boldly on a programme to develop new initiatives to stimulate the economy. Indeed, the Government has stalled everything that might have started the process of simulating activity.

The Minister of Tourism famously declared that tourism was going to move out of the trunk or the back seat, out of the trunk or to the back seat to the steering wheel. I was responsible for that sector in the last administration, I surely did not leave the sector in a trunk. We were very clear that the sector could be one component in the diversification process leading to employment and new sources of foreign exchange. We were into projects in Tobago and in Trinidad to advise the Ministry of Tourism; it seems that this Government has put the Minister and the sector in the trunk. I think she is in the trunk.

I understand they have appointed a committee to assist her. This is what we are calling managing by “vaps”. The hon. Minister of Tourism [*Desk thumping*] is taking instructions now from a committee. The terms of reference of this committee show that the Government is not gearing for action in the tourism sector any time soon. There is no urgency to make this happen. The Minister of Finance has treated us to a few finance measures to raise revenue, reduce debt and pay bills, but, ultimately, the ability to repay debt and the restoration of the economy onto a growth path, less reliant on oil and gas, and the prices depend on our creating new capacity that would either save foreign exchange by displacing imports or earn foreign exchange from new exports.

Everywhere in the country people are expressing their disappointment that nothing

seems to be happening. The people are saying it. You all have smartphones, read what the blogs are saying. The people are crying, they want leadership; they want productivity; they want opportunity. [*Desk thumping*] Give the people opportunity and they would perform. It is wrong. It is wrong to stifle opportunity. Everywhere in the country people are expressing their disappointment that nothing seems to be happening. One does not grow an economy, or transform or diversify by announcing it, or simply by making grand statements in Parliament that a sector should be moved into the driver's seat. Concrete action has to be seen to be taken. [*Desk thumping*] Concrete action has to be seen to be taken.

I keep pointing out all the time, I keep pointing out all the time that the service sector in our country can assist us in the development of our economy. What we lack most a day in Trinidad and Tobago is we lack the necessary service—
[*Interruption*]

Mr. Vice-President: Senator, you have five more minutes' speaking time.

Sen. G. Hadeed: Thank you. We lack the necessary service skills that are necessary all over Trinidad and Tobago. We pay the police, we pay the customs officers, we pay the immigration officers, we pay everybody, but do we get value for the service that we get from them? If you cannot as a government give money or create opportunities for employment, give one thing that we are paying for, insist on service to the citizens. Coming through the airport the lines queue all the way back to where the terminal starts. They do not have the necessary service. People cannot get their passports. In San Fernando they cannot get death certificates, they cannot get birth certificates; this is where we lack, and this is what I am asking the Government to look at, look at granting and giving services to the people, the people want it.

Yes, we are told that the prices of imported food would rise as VAT is restored on

items that we exempted. One of the last queens of France suggested to the poor that if the price of bread was too high they should eat cake. We have to avoid repeating her mistake. Marie Antoinette, do you know what happened to her? She lost her head. [*Desk thumping and laughter*] Do not lose your head by increasing food prices—do not lose your head.

In closing, because my time is up, I want to suggest that the Government seek the assistance of any and everybody in the society who is willing to assist. Do not bury your head in the sand, you are not the receptacle of all knowledge, some of you do not even have it. However, I will close by saying, we on this side are willing to help when called upon. Thank you very much. [*Desk thumping*]

Mr. Vice-President: Thank you, Senator, for your contribution. Sen. Chote. [*Desk thumping*]

Sen. Sophia Karen Chote SC: Thank you, Mr. Vice-President, and I think I should also say thank you to the coordinator of the Independent Bench for his erudition and expertise which he so willingly shared with us. [*Desk thumping*] My comments, regrettably, because I am not an illustrious economist, perhaps will not be so erudite or expert, but I hope they will bear some relevance to the matter which is before us. We are looking at a proposed piece of legislation which is an amendment, I believe, to the finance Act, and I want to look at a few things with respect to the VAT regime as it is proposed to be changed. That is to be found that Part VI of the new legislation.

Now, when I saw this part of the legislation, and I was discussing it with a friend of mine, I think he brought it home to me in a way that was easy to understand, because he said in this carnival season what this means is that if I buy a cold beer for \$10 and now I have to pay 2.5 per cent less is it going to be expected that the bar owner will cut his price to some sort of \$7.98 figure? Or is it that the vendors

are going to maintain the price of \$10? I do not know if I have explained it in the way that I wanted to, but the point I am trying to get to is this: if you reduce the VAT on certain items, what controls do you have to prevent vendors from maintaining those prices which were VAT inclusive? [*Desk thumping*]

I would respectfully suggest that we ought to have some sort of mechanisms or some sort of controls to ensure that this is not done because otherwise we will be removing moneys from the public purse and handing it over to the purses of other persons, and thereby defeat the whole intent and purpose of this aspect of the legislation. Now I hope my beer example makes sense. Now, we need to be clear, I think, and I do not know that this has come across in any kind of concrete way. I am sure the Minister has the information and will be able to assist with respect to this, because it seems to me that we need to be clear that moving certain items from zero rated to standard rated must result or compensate for what you would be losing by the 2.5 per cent reduction.

Now, as I said, I am not an economist, I do not know how you will be able to estimate that, but, certainly, if that is the kind of exchange that you are making there must be some way that economists or financiers can say that this is not a bad exchange. I thank the Minister of Finance for answering one of the concerns I had, which was to say that we were not clear that we were on ball with respect to the targeted revenues we were going to get from VAT. The Minister has said that he has figures, and I am sure Members of Parliament would be grateful to have copies of those figures, because I understand that we are ahead, so that is good news.

Now, there are a few concerns that I have as well with respect to some of the items which had been previously zero rated and which have now become VATable, and one of these is veterinary service, because we are saying that we need to diversify the economy, but these services are crucial to the agricultural sector and for those

people who grow livestock for the production of the local market and foreign market. So, I do not know what was the reasoning behind the removal of this but, certainly, if it looks as I see it then I would respectfully ask the Government side to consider whether this might be not something that can be returned to zero rating.

The other thing which falls into that category is the frames and mountings for spectacles. Now, this has been moved out of the category in which it had previously fallen, that is to say there was zero VAT on it, but now it appears as though VAT will be charged on it.

5.45 p.m.

I would suggest that because parents of children going to school now have huge expenses, that the Government should consider whether this is not also something that could be returned to zero rating. This is something which affects the welfare of the child and of senior citizens as two main groups, I do not know that putting this in a category which would be taxable would change the way our economy is going to go or is going to create any huge amount of revenue for us to pay off some of the debts which have accrued.

The third thing that I thought I had a little concern about is that the maritime sector seems to have been hit by the removal of boat repair or yacht repair from the zero-rated sector. This is not a rich man's industry that I am talking about. It is an industry which allows us to take advantage of our unique geographical placing in the Caribbean, which has resulted in boats coming down to our boatyards here for refurbishing and repair and for the generation of income. If we put this in the VATable sector, this is going to hurt what is a burgeoning industry, and I would respectfully suggest that this is going to go against the whole idea, or contrary to the whole idea, of economic diversification.

Mr. Vice-President, I had a question about the CNG vehicles, and I am hoping that

the Minister when he comes to give his response might be able to explain it a little bit to me and to the population of Trinidad and Tobago, because I understand that up to December of 2015, new, used and commercial vehicles which had been manufactured to use CNG were zero-rated. I do not know. Was that at all a benefit? Are there figures which show that this worked and people purchased vehicles which had been manufactured for CNG use? If it was a benefit, then should we continue it?

The Minister also said that he had spoken to business people and that the introduction of this legislation is going to be phased. That sounds good, but I think the time frames are a little tight, because here we are already in the middle of January. We are looking for changes in the VAT regime from February 01, 2016, but registered businesses, that is to say VAT-registered businesses, must have enough time to make changes to their accounting and IT systems. One tax consultant with whom I spoke said that she did not think that was sufficient time. It is not simply changing the price on a label, it is a lot more than that for many businesses now. So perhaps the Government can consider giving another week or two for this to be done.

My tax consultant source also advises me that this is particularly important to VAT-registered entities who may be later penalized by the Board of Inland Revenue for non-compliance when they are audited. So it is a very real fear amongst those businesses.

We are happy to hear that businesses which do not cross the threshold of TTD 500,000 will no longer be required to register for VAT. What I am not so clear about is if because of the change you are now going to not be required to file VAT returns, does it mean that you have to deregister? I think perhaps we need to say that, and put a process in place for it.

I had intended to ask about the green fund levy, so it was with some consternation that I discovered that we were in overdraft. But perhaps what we could do, or what we should do, is to have some tighter controls put in place. If you are asking corporate citizens to pay a larger amount than before, they would want to know that the same thing is not going to happen again.

Mr. Vice-President, I address my comments to you. I know this is my first contribution in this House so I intend to make it short, but I wish to simply close by saying this: I do not think we as a country can turn our faces from the fact that financially, globally most countries are in the position in which we are, for one reason or the other. Things do not look good. I think the Government should be commended for its efforts in trying to ensure that citizens feel a sense of security knowing that Ministers are trying to do their best to ensure that the ship of State sails and does not sink. I do think, however, that our citizens need to appreciate and understand that if any government had a magic wand to wave to bring its country out of a recession, it would do so.

So it is not only those persons who sit in these Houses of Parliament who are going to have an impact on whether this country sinks or swims, it is the person, the average citizen out there, who has to understand that government is not about granting and giving, government is about ensuring that there is fiscal responsibility. We on the Independent Bench will make our comments along those lines, and I am sure by what I have heard that those on the Opposition Bench will make viable comments in this exercise. But citizens have their own duties to perform. To be productive citizens and to act in such a way that the wheels of State, as it were, turn, and turn smoothly.

This is more than a matter of what goes into our pockets and what goes into our pots. This is a matter of how we will live and what quality of life the next

generation is going to have. So it is an extremely heavy burden, but I urge all Members in this honourable Senate Chamber to act in such a way that we take our duties responsibly to ourselves and to the next generation.

Thank you, Mr. Vice-President.

Mr. Vice-President: Thank you, Senator, for your contribution. I would like to take this opportunity to also congratulate you on your maiden contribution.

The Minister of Agriculture, Land and Fisheries (Sen. The Hon. Clarence Rambharat): Thank you, Mr. Vice-President, for permitting me to enter this debate. In all of the difficult economic circumstances facing this country, and the legacy of five years of waste, mismanagement and corruption, I have listened to Senators Wade Mark, and Gerald Hadeed, and it seems as if this Opposition is not only fixated on salt, but wishing that they could take the last five years back and do what they were supposed to do for this country, and save us from having to come here today to do what we have to do.

Sen. Hadeed talked about the questions the people are asking; 600,000 people on social media. People are asking one question: “Where de money gone?” [*Desk thumping*] While Sen. Hadeed was offering his lessons in economics, I could not but reflect on the election campaign. At a certain point in the campaign, Sen. Hadeed appeared with the then Minister of Community Development, Winston Peters, and announced to the country a plan to build a hotel and golf course and hospital in Mayaro. Within minutes I took it upon myself to tear the proposal apart. Sen. Hadeed missed a long history of financial difficulties of the partners the then Government were going into this project with. A long history of debts and borrowing; a long history of failure to bring this Mayaro project to fruition.

It is the same Sen. Hadeed in the same way I described it the last time I spoke in this sanctimonious manner, coming to offer this Government and this country

economic advice. I say to him, “No thank you”. [*Desk thumping*]

You see, Mr. Vice-President, this Bill is more than salt. It is a fundamental change in how we deal with the issues of consumption, nutrition and agriculture and fisheries production in this country. Read the first line of the list of zero-rated items; it is unprocessed food of any kind used for human consumption. [*Desk thumping*]

I know Sen. Hadeed is a successful businessman now, and I have a feeling he does not know what it is like to be poor, but I know. [*Interruption*] [*Sen. Hadeed rises*]
If he ever knew, he is old enough to have forgotten. [*Interruption*] I know personally and I come from a constituency that has the highest level of unemployment in this country. I come from a constituency that has the highest level of unemployment in this country.

Mr. Vice-President: Members, Members; can we minimize the crosstalk a bit so that we can hear the contribution of the hon. Minister. Continue.

Sen. The Hon. C. Rambharat: Thank you, Mr. Vice-President.

I know enough to know who Marie Antoinette was. I come from a constituency with the highest level of unemployment in this country, in particular youth unemployment. The lowest level of literacy rates; the worst performance in the country in SEA exams. I come from one of the most disadvantaged constituencies in this country. Even those constituents of Mayaro will not be significantly affected by this Bill. In fact, this Bill creates opportunity/opportunities, not only for Mayaro, but for every agriculture producing constituency in this country.

6.00 p.m.

The changes in this zero-rated list, Mr. Vice-President, will achieve two things. First, it will keep local vegetables, fruit, meat and other unprocessed commodities

affordable. But secondly and most importantly, it will reduce our consumption of processed foods, much of it imported.

And whichever Government has been in place that has been the strategy. That has been the promise of every government, on one hand to reduce this food import bill and on the other hand to boost consumption of local produce. In fact we do not have to go far. All the Opposition Senators were part of the administration of 2013 in some way. And when the 2013 budget was delivered this is what this Parliament was told.

“We propose to reduce our food import bill by 50.0 per cent or just over \$2.0 billion...by 2015.”

We proposed to reduce it by 2015. And 2015 has come and gone and the food import bill continued to rise.

And when Sen. Hadeed talked about government and economic policy by “vaps”, let me demonstrate “vaps” to you. After making that statement, after setting that target in the 2013 budget, this is what the UNC administration proposed. We proposed to remove VAT on “all food items except luxury items and alcoholic beverages”. In other words, their strategy was to somehow cut the food import bill by half while making imported processed food more affordable, cheaper [*Desk thumping*] by reducing the price. And tell me in any economy, anywhere in the world where you reduce your food import bill by reducing the price of imported food. Tell me one country in this world, but that is sound economic policy, and that was the economic policy in 2013 of the UNC administration. And we are here today in 2016 to set it right. [*Desk thumping*]

Mr. Vice-President, I was here in September speaking on the budget and I outlined three main priorities for the Ministry of Agriculture, Land and Fisheries and the strategy of the Ministry is twofold. The Ministry recognizes that it must promote

local produce. It must promote local food, local vegetable, local fruits, local meats, local dairy and everything that is processed, unprocessed for human consumption. We must promote that. We have a responsibility to do that. But at the same time, Mr. Vice-President, the Ministry recognizes that in collaboration with the Ministry of Trade and Industry and the Ministry of Finance under whom Customs falls, we have an obligation to protect the local producers of food.

And that is what the UNC administration failed to do. They failed to protect local producers. They believed that free trade meant that anything must come into the country. And by allowing anything and everything to come into the country, and by allowing imported food to be zero rated, they created an uneven playing field for local producers. And that is why, Mr. Vice-President, that after five years in Government, the UNC administration had absolutely nothing to show for agriculture and fisheries production in this country. [*Desk thumping*]

In fact, when I spoke in September I made it clear that I was in no position to set targets for agriculture production in this country. I made it clear that for five years the Ministry responsible for agriculture, land and fisheries was broken up. The functions were placed in different areas and what I met needed to be rebuilt and restructured.

That is why I said, Mr. Vice-President, in my speech, in the first year I must focus on the structure of the Ministry. I must focus on good governance and I must focus on people. And by structure I meant ensuring that the services and support that our local food producers required were delivered where they produced that food. In other words, what I found was a Ministry that refused to move into the fields and farms and refused to move close to fisherfolk who offer services to those people who needed. I found a Ministry that was locked in air-conditioned offices. I found travelling officers who were paid by the Government and were not traveling and I

set about to fix that. And I am pleased to report, Mr. Vice-President, that this week I met with the heads of departments in the Ministry and I have seen what appears to be a working plan to get the services of the Ministry offered and provided where they should be provided [*Desk thumping*] and that is in the fields, on the farms and where the fisheries sector really exists.

I spoke about good governance. I spoke about the lack of alignment between the state agencies in the Ministry and government policy. And I made the point that it seemed as though every agency in the Ministry had gone off on its own course and was doing what it felt like doing. I drew attention to the 2012 audit report of the Auditor General in relation to the Agricultural Development Bank and I provided evidence that the ADB had clearly lost its way under the UNC administration.

I drew reference to NAMDEVCO that had gone off on a plan of construction management and building expensive packing houses, none of which have been opened to date and all embroiled in corruption. I pointed to EMBD and I pointed to every agency in that Ministry. I am pleased to tell you today, Mr. Vice-President, a board has been appointed to ADB and given a clear mandate that it must exist in support of farmers and fishermen in this country; [*Desk thumping*] that it must create financial products that will incentivize farmers to get into production; that it must be user friendly and most importantly, they must get out into the fields and the farms and up to the boat owners to get the services to them. [*Desk thumping*] That decision of the Government, Mr. Vice-President, I would tell you was a subject of a *Guardian* editorial in November that the Government was commended for its selection of that board for ADB.

NAMDEVCO: the Government has again appointed a new board to NAMDEVCO, and I as the line Minister had been given very clear instructions to the board. NAMDEVCO must implement the Government's farm to table policy for

agriculture and fisheries. They must do that. That is their mandate because for too long we have talked in this country, even the UNC administration in several budgets during the last five years acknowledged that one of the most difficult areas facing farmers and producers in this country was the proliferation of middlemen who benefited from the value added, expanding the space between the producer and the consumer and earning the rewards of the farmers and food producers in this country in a way that the farmers would not do.

For example, Mr. Vice-President, this week I was in Plum Mitan, Biche where I met with farmers who are already involved in the cultivation of sweet corn and farmers who would like to get into the cultivation of sweet corn. It is a lot of work. The seeds are expensive. It is a very risky endeavour like anything in agriculture. And those farmers said to me, Mr. Vice-President, that the corn that is produced will be wholesaled for \$3, and when it reaches the highway where corn is sold and other places it would be retailed for \$8. So the middleman benefits from a \$5 spread for just buying the gas and going up to the field and collecting the corn. And NAMDEVCO has a responsibility to work with farmers in this country wherever they are and whatever they produce to bring their production to the market where they can get the best price for their product, eliminating the middlemen.

So on good governance, all those state agencies in the Ministry: ADB, NAMDEVCO, the Cocoa Development Company, Seafood Industry Company, EMBD, Caroni Green, Caroni Limited, all of those state enterprises are aligned to the government policy, and government policy in summary is to put farmers and fisherfolk in this country first.

When I spoke about people being a priority, Mr. Vice-President, what Sen. Hadeed would not tell you is that in the Ministry of Agriculture, Land and Fisheries,

government, the past administration, suppressed 174 public service positions. It means that they did not allow the Ministry to fill those positions and most of those positions are critical, technical positions required for a Ministry with responsibility for agriculture and fisheries to function. And instead of permitting the Ministry to hire critical, technical staff, the Ministry, the agriculture section which was then food production, the land section which was then land and marine resources and fisheries, forestry wherever; the Ministry—what we had was a proliferation of vacancies on one hand and on the other hand contract employment of persons who should not be working in a Ministry of Agriculture, Land and Fisheries. A proliferation of contract. A proliferation of administrative staff. A proliferation of people with degrees that brought no value to the Ministry and for five years the Ministry could not function. And when I spoke about people I said that the Ministry will ensure that the staffing is aligned to the goals of the Ministry, that the staffing is aligned to the needs of the farmers and the fisherfolk in this country and Ministry, through hiring, will be able to provide the services that the farmers and fishermen need in order to produce.

So the main challenge in this first year, Mr. Vice-President, has not been production. The main challenge has been getting this Ministry up and running, rebuilding this Ministry, aligning it and getting it producing on behalf of the people who require our services.

Let me now, Mr. Vice-President, talk about specific sectors. The most important contributor to agriculture GDP in this country is the poultry sector. And what has happened over the last five years? The imported poultry, frozen poultry, leg and quarters in particular has been allowed to come into this country to compete unfairly with local poultry products to the extent that imported frozen chicken now commands 20 per cent of the market.

Now I recognize, Mr. Vice-President, I accept in this world of free trade we must allow imports in this country. We cannot restrict imports into this country, but this frozen chicken has outlived its shelf life in the United States. In the United States frozen chicken cannot be sold beyond 180 days. So it has exceeded its shelf life in the United States, and it is put on the market at low prices. It comes into Trinidad, comes through Customs and through under-invoicing, mislabelling and food fraud. It enters the market and competes unfairly with our local poultry products.

Now let me tell you the significance of poultry in this country, Mr. Vice-President. The annual sales of chicken in this country is \$1.2 billion. The annual sales of table eggs is \$140 million. Poultry is a major employer, more than 10,000 persons are employed in the poultry sector, but not just 10,000 persons. The poultry sector depends heavily on contracts farming and contract farmers. And many of these farmers are in rural Trinidad. In fact, my constituency of Mayaro accounts for the highest number of contract farmers in the poultry industry in Trinidad and Tobago.

6.15 p.m.

In fact, in my constituency of Mayaro accounts for the highest number of contract farmers in the poultry industry in Trinidad and Tobago. The Minister of Trade and Industry and I visited the Arawak plant on December 29, and what we saw there in that plant—and Arawak employs 1,600 employees—a significant number of female employees. We saw women who were coming from rural communities working in that plant, and upon enquiry we heard about many single mothers working in that plant and working in the poultry industry.

Apart from the processors, Mr. Vice-President, there are 2,500 pluck shops across the country. Each of those pluck shops provides employment. Each of those pluck shops contribute to the particular economy in which they exist, and many of those pluck shops are in south Trinidad, are in rural communities. So, the poultry sector

is a significant contributor. It is a significant contributor now, and it is going to be a significant contributor for a long time, if we do the right things for the sector. And the Government proposes—we have dusted all the reports off. All the reports that were languishing for the last five years, and the Government intends to set standards for the poultry sector, to set standards on the importation of meat into the country, and to create an environment where our local poultry sector is not protected unfairly, but our local poultry sector is able to compete on a level playing field with the imports. [*Desk thumping*]

Let me talk about livestock. The last administration spun, and spun, and spun, and spent and made absolutely no inroads into the sector. Absolutely no inroads. And Sen. Hadeed and all his colleagues on that Bench could go all over Trinidad, and I challenge them to produce for me a single shred of evidence that the livestock sector has advanced under the last UNC administration. There is a livestock board. What did the Government—the last administration—do with the livestock board? Well apart from spending money on lunches, on conferences, on travel, on the maintenance of a Prado so that the then chairman could be driven all over the country, they did absolutely nothing for the sector. The \$4 million that was given to the board every year disappeared, and absolutely nothing to show for it.

The livestock board went into the establishment of two pasteurization plants, each valued at \$2 million. Not one of those two, not one, is functioning today. Not one. And I have gone through the Ministry records, Mr. Vice-President. I went through the Ministry records in order to determine what should be done with those pasteurization plants, and I could tell you, the Ministry has absolutely no record of the tendering, the purchase, and anything relating to that plant. Not one shred of paper to tell this country and this Parliament the basis on which that plant was bought and installed in the two places where the livestock board determined it

should be. But, no farmer, no dairy farmer had been able to sell a millilitre of milk on account of those two pasteurization plants, and that is the strategy of the six of them on that side. [*Desk thumping*]

So, what do we intend to do? We are reconstituting the livestock board. The sugarcane feed centre which has the research and other facilities to support the livestock sector. The SFC would be put under the management of the board. We are revitalizing the grass banks which have been established to support the livestock farmers, in particular those in Wallerfield and Carlsen Field. We are moving ahead with a plan by the livestock farmers to support them on the importation of embryos. And, in particular, we are focusing on this issue of praedial larceny which affects the livestock farmers across the country.

Let us talk about cocoa, Mr. Vice-President. That administration, overnight, without consultation, interfered with the livelihood of every cocoa and coffee farmer in this country. Again, rural farmers who are heavily dependent on cocoa and coffee, to the point, having overnight repealed the legislation which established the Cocoa and Coffee Industry Board, and brought in this Cocoa Development Company without consultation and without a transition plan, they have set back cocoa in this country. And this Government has taken the decision that the matters relating to cocoa and the development of cocoa, the encouragement of cocoa, the revitalization of cocoa estate, all those matters will fall to the said Cocoa Development Company. This time run by a board that has the expertise, which combines the knowledge of the cocoa research centre in UWI; representation of ADB, representation of established cocoa farmers from across the country; and all the expertise and support that the cocoa industry requires for revitalization. [*Desk thumping*]

Coconut: Apart from Blue Waters, where we have now 290 acres under cultivation

in a private sector enterprise, the last administration planted not one coconut plant across this country. We know. Cocoa has become a wonder food. In fact, it became a wonder food 10 years ago. And if five years ago the last administration had done what they were supposed to do to revitalize the industry, then we would have made progress on the east coast in Trinidad and in Cedros and Icacos, and other places around this country, where coconut could be grown, coconut could be used for value added, and we can revitalize this industry. So, this Government, in the PSIP for 2015/2016, has made provision for the revitalization of the coconut industry.

Again, in those rural communities where there is not much to go on, but we recognize that commodities like coconut could make a big impact on their economy. And what about honey, Mr. Vice-President? Honey is a national treasure. A former world award winner. And what did the last administration plan for honey? To amend the legislation to allow the importation of honey into this country, absolutely no consultation, no consideration, and without understanding the impact of imported honey on the local sector. Honey is one of the proudest products in the agriculture sector. A lot of investment has gone into it. It is not an easy business to be in. And what have we found? We found that because of the threat of importation, a lot of the persons involved in it had stopped their investment, and held back. And with the change, in fact, in the election campaign, honey became an issue amongst the farmers in the rural communities. And, again, honey is a vital part of the rural communities in Sangre Grande and in south-west Trinidad. It is an important part of what they do.

So, this Government has made it clear that while we recognize that international trade and even our own arrangements in Caricom, require us to open our markets and allow the importation of produce into this country. We will not do so where it puts our local industry at risk. Again, if anything has to be imported in this country

it must be imported on the basis of a level playing field and fair trade. Because, Mr. Vice-President, if you go to the supermarkets around this country you would see imported honey products on sale. You would see honey blends; you would see imported honey from China; you would see things looking and labelled like honey; and you would see that the prices are significantly lower than local honey. And that is not fair competition. By promoting something that does not fairly compare with the local products, we are creating the opportunity to destroy something that is not only of value to this country, but more importantly, something that is critical to rural economies in this country.

And I could go the range, Mr. Vice-President. Why is cassava being imported into this country? In 2010, when the PNM left Government in 2010, to use Sen. Hadeed's words, in Rio Claro there was a project put on by TTABA, it employed 50 single mothers. It involved the hand peeling of cassava, and the sale of that cassava to restaurants across the country, on the basis of that simple project that employed single mothers to peel cassava, the cultivation and production of cassava in the Mayaro constituency moved to 1,000 acres under cultivation. And that administration, for absolutely no reason, not only shut that down, but shut down everything that TTABA was involved in, displacing those 50 single mothers and setting back cassava in this country.

Sweet potato, similarly. Rice: the former Minister of Food Production had a boast that he was going to increase rice production over night, and set himself some lofty targets, and what did it achieve? It put the industry, the rice sector is in disarray. No decision was taken, the rice farmers had been trying to engage the Government on the sale of that feed mill in Carlsen Field for a long time. The rice sector had tried to engage the Government on support for the sector, and absolutely nothing happened to the point that those farmers in Biche and other rural communities that

depend on rice for a livelihood, have been setback, have been stuck with heavy debts at the Agricultural Development Bank, and have been put in a position of uncertainty that this Government will deal with.

Let me talk about land administration. Across the country, and in the 120 or 130 days we have been in Government, half of my time—and Sen. Avinash Singh's time has been on the road, engaging and meeting the farmers and fishermen and all the people who have an interest in this Ministry, and the number one issue has been land administration. It has become impossible for anybody to get a transaction done through the former land Ministry, now the land division of this Ministry. And I will tell you this, Mr. Vice-President, one of the first things I promised this country was an audit of state lands, so that I could report to this Parliament, and to the owners of the assets—those land assets—on the true state of state lands in this country.

And the Ministry has engaged as a preliminary step towards that audit. We have engaged the services of Jacqueline Ganteaume-Farrell, who is well-established in this country as one of the finest administrators of land. We have engaged Miss Farrell to do the preliminary work towards that audit. And what has she said to me in this note she has sent to me from the first couple weeks of her work? She had identified that in the last five years nobody involved in land administration seemed to be guided by a policy, seemed to be involved in a process or seemed to know what they were doing. So, it seems as though there were multiple ways in which people can access state lands in this country. Some processes call for—

6.30 p.m.

Mr. Vice-President: Senator, you have five minutes.

Sen. The Hon. C. Rambharat: Some processes called for Cabinet approval and some processes were done by low-level administrative officers to the point, Mr.

Vice-President, that we have a hodgepodge of procedures, a hodgepodge of processes that we now have to fix in this country.

[MADAM PRESIDENT *in the Chair*]

And what about all those land applications and requests for land regularization across this country? Absolutely nothing happened over the last five years, and it is this Government's duty now, as I have said so many times, to fix land administration once and for all, to regularize the tenure of those persons who are in productive use of lands, those persons who are producing fruits, vegetables and everything else to feed this country. And this Government is committed to deal once and for all with this issue of land administration.

And fisheries as I close, Madam President: again, we have built or refurbished across this country expensive fish landing sites. Not one of them as expensive as the one in my constituency in Mayaro, \$60million on the Guayaguayare Fish Landing Facility. Opened with great fanfare in June 2012, and I have said to this Parliament before, not one fish landed on that facility since June 2012.

I have before me, Madam President, several reports which say to me that after \$60million that Guayaguayare Fish Landing Facility cannot be used for the purpose it was intended. And that is because of lack of consultation, lack of care, lack of concern; and across the country the story has been the same with all the facilities dealing with fisheries in this country. This Government and this Ministry intends to set it right, one facility at a time using the scarce resources that we now have in this country, but pushed by our commitment once and for all to set it right for the producers of unprocessed foods in this country who will be protected by this legislation which makes it more expensive to consume imported products and keeps it affordable for persons in this country who are concerned about their

health, their nutrition and their communities to buy local. I thank you very much.

[Desk thumping]

Madam President: Is it that we are ready to wind up the debate?

Hon. Senator: Yes.

Madam President: Sen. Ameen.

Sen. Khadija Ameen: Thank you, Madam President. Madam President, I thank you for this opportunity to join in the debate on this Finance Bill entitled:

“AN ACT to provide for the variation of certain duties and taxes and to introduce provisions of a fiscal nature and for related matters”

Madam President, I listened with interest to those on the Government Bench. And like the rest of the nation who would be listening via television, we are still waiting. Madam President,

“...for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.”

These words of Winston Churchill sum up the PNM’s approach and this Bill.

Madam President, on August 20 the PNM launched its manifesto at Hyatt Regency Hotel. And then candidate Colm Imbert, and the political leader promised to reduce VAT to 12.5 per cent. The PNM came into office as a great deceiver of the people. Their campaign promise in their manifesto and I quote:

We will reduce VAT.

They continue to say that they are reducing VAT. What they did not tell the population is that while they intend to decrease VAT from 15 to 12.5 per cent, as they have brought before us in this Bill, they also intend to increase VAT on thousands of items, zero rated by the previous Government—increase from zero to 12.5 per cent.

Madam President, Dr. Roger Hosein who is a senior economics lecturer at

the University of the West Indies, St. Augustine campus, in an interview with the *Guardian* by journalist Rhonda Rambally. This article was published on Sunday, August 23.

Dr.—“Hosein...said T&T stands to lose close to \$5.5 billion in revenues over a five-year period.

...if the...(PNM) is victorious in the September 7 general election and implements its promised 2.5 per cent reduction of the Value Added Tax”—and—“the country’s fiscal deficit was likely to widen.

VAT reduction is one of the many promises outlined in the PNM’s “Let’s Do This Together,” 44-page manifesto.”

And every day that passes we see more and more untruths and deceptions.

In the same article in the *Guardian* newspaper, the PNM political leader, now Prime Minister, Dr. Keith Rowley, reportedly responded via text message to the reporter that, quote:

“...the shortfall would be made up through more efficient and effective collection of VAT and that business owners would”—be the ones—“affected by the change.”

The article goes on to say, that:

“Rowley said the 2.5 per cent reduction would also be made through the increased business activity which would flow from the re-establishment of confidence following a change of government to the PNM.”

Well clearly, there is less confidence because the PNM has changed their direction. [*Desk thumping*] That journalist also asked Mr. Rowley if the PNM intended to bring back VAT on the zero-rated items, and he said no. In the last few lines of the article, I quote:

“Asked whether the PNM had intentions to widen the VAT base to include

the 7,000-plus zero-rated items removed from...VAT by the PP, he said, 'We have given no consideration to that in these initiatives'."

A total, total untruth.

When the Partnership told the population that the PNM intended to increase VAT and that the then candidate, the Member for Diego Martin North/East who is now Minister of Finance was quoted as saying—contrary to the accusations by the United National Congress that the party would increase VAT—he said that the PNM proposes to reduce VAT from 15 per cent to 12.5 per cent. He said this would result in more tax collections since, according to him, we have realized that the higher the tax rate the higher the avoidance rate and the lower the collection.

Madam President, in the budget statement that came before this Senate, under revenue from VAT, it is stated in the budget 2016, laid in this Parliament in the first sitting, that the expected revenue from value added tax would move from \$6 billion to just over \$12 billion. And they continue to give the population and the Parliament the impression that this increase would come from an increased efficiency in collection. They intended at that time to double the VAT by increasing the VAT on numerous items from zero to 12.5 per cent, doubling the burden on the citizens of this country—a blatant untruth, a total falsehood, a misrepresentation of their intention. [*Desk thumping*]

Madam President, it is a deliberate distortion of their intention to delude the population. A total, total, fiction. Today this Finance Bill asks the Senate to agree to a proposed amendment to the value added tax so that the amount of tax shall be calculated at a rate of 12 and 1/2 per cent instead of 15 per cent. This is to give some level of truth to their promise to reduce the VAT from 15 to 12.5 per cent. This Senate is yet to receive the list of items to be removed from the zero-rated list. We are yet to receive and, in fact, this morning, earlier in the sitting the Minister

did indicate that he will submit to the Parliament to be circulated to Members that list which he indicated is available on the website, but it is yet to be laid in this Parliament.

Less than three months ago the Government increased the price of fuel. Madam President, this increase from zero to 12.5 per cent is taking place at a time when less than three months ago the Government increased the price of fuel, and several taxi and maxi drivers were forced to increase fees. Vehicle owners who use super gasoline now pay more at the pump.

Madam President, I ask, which income bracket drives cars with super and which drives cars with premium? So the lower income brackets who own vehicles using super gasoline now pay more while premium gas remains the same. I ask again, which income bracket do people who use public transportation come from?—because they do not own a vehicle. Again, it is the lower income brackets in our society. *Newsday*, Wednesday, October 7, 2015:

“Taxi fares increase”

One—“DAY after Finance Minister Colm Imbert announced an increase of 15 percent in the price of super gasoline and diesel—the two main fuels used by the nation’s taxi”—routes, taxi fares are set to increase.

“It will now cost...a dollar more to get”—to—“Valsayn/Grand Bazaar and the Chaguanas/Curepe taxi routes, effective October 12.”

LoopTT.com News, October 14:

“Travellers may have to pay three dollars more for taxis going to and from Port of Spain to San Fernando”—as—“Taxi drivers on the route are considering raising the price from \$15 to \$18.”

On October 26, *CNC3 News* also carried a story where the drivers on that route give the nation their assurance that they would keep the fare at \$15 but they could

not say how long they could hold that for.

Express, November 17, 2015:

“From November 30, commuters travelling on the San Fernando to Chaguanas, Curepe and Port of Spain routes will have to pay \$2 more.”

Madam President, numerous other routes where fares have been increased, it is the people in the lower income bracket in this country who are affected the most.

6.45 p.m.

Added to this, Madam President, in this country every day you are hearing of job losses. Centrin recently—200 employees. This Government has made no secret of halting several projects where small contractors, in particular, are hard hit because they have to send home their workers. Employees in the petroleum industry are being sent home and this Government must also tell the nation how many Government employees of ministries and Government agencies they have terminated. It is my understanding that up to today, at 11.30a.m., 21 employees of the Ministry of Tobago Development, who were given three-year contracts in the middle of last year, were given termination letters from the Office of the Prime Minister, the same Prime Minister who told this nation that no government worker will be sent home—more and more untruths and deliberate misrepresentation of the truth.

Madam President, with all of this happening I continue to say that taxation should not be an additional burden to those who are struggling to escape poverty. The global economic crisis will deal a severe blow to families. It will reduce the average household income. It is forcing people out of jobs and this would include many from the middle class who will fall into poverty just based on the economy. This happens even in developed countries, and a family's priority becomes food and shelter. And on the list of items that families will now be forced to pay VAT, it

includes coffee, peanut butter, cheese, smoke herring, tuna, mackerel, mauby—the ultimate poor man's drink, mauby—orange juice, grapefruit juice, soya bean oil, tea, cereal.

But more than that is the intention of the Government to reinstate VAT on books, on desktop and laptop computers, tablets and related paraphernalia. VAT on computers, Madam President, was removed in the late 1990s. In addition, to date, not a single laptop has been distributed to the children in Form 1 in secondary schools, and we are yet to hear from the Government on that. I believe that Independent Senator, Dr. Dhanayshar Mahabir, in his contribution, put in more eloquent and technically sound terms, supported by well-established theory, what I plan to share with this House in what happens to an average family.

An average family, whose income would not meet the minimum to pay personal income tax anyway, would not benefit from the change proposed. Most of their revenue is spent on food. About 50 per cent of their salary, their wages, weekly, is spent on food. Very often they buy some of the same items I named earlier. About 25 per cent of their salary would go towards transport and education. If they have children, a significant amount would go to books, computers, uniforms, lessons and related expenses.

Do you really think a family who earns less than \$6,000 a month in this country is looking forward to the massive 2.5 per cent reduction in VAT that they would get if they purchased a vehicle? They are not going to buy a car. You think they are looking forward to the 2.5 per cent VAT they will save if they buy a flat screen TV? They are barely making enough to put food on their table, and they are paying a whopping 12.5 per cent increase in VAT on these basic items. [*Desk thumping*]

On Tuesday of this week—the Tuesday evening—all the TV stations carried a news item and every newspaper on Wednesday morning, we had the Prime

Minister's callous response to the increase VAT: "If you cannot afford food, change your diet." While there may be Members of his Cabinet that the Prime Minister wishes to put on a diet, the arrogance of his response was likened to a quote earlier by Sen. Gerald Hadeed attributed to the Queen of France, Marie Antoinette, who told the poor people that if they did not have bread they should eat cake. That is what the Prime Minister of this country told the citizens when they complained about the proposed increase in the prices of food. Madam President, this Government's role is not to tell citizens what to eat. But this Government has a responsibility to lay a framework for management of the economy given the difficult economic times, globally.

In the debate in the Lower House, I felt that the Government missed the opportunity to talk about their plan to steer us through these rocky economic times. I thought that every Minister would have been able to share what their policies and programmes are, and to give a direction. Apart from taxation, this Government has not mentioned, implemented or presented any measure where revenues can be substantially raised or increased.

The Leader of Government Business earlier promised that in this House we will hear from the Minister of Agriculture, Land and Fisheries, in particular, on Government plans in the sector, and from the Minister of Trade and Industry. I am looking forward to the contribution of the Minister of Trade and Industry. The Minister of Agriculture, Land and Fisheries sadly still seems to be campaigning for a seat that he lost in the last general election. The term, "UNC administration" was mentioned over 14 times in his contribution. If I am to rely on his track record for keeping promises, I would expect him to be in Canada today—[*Desk thumping*]—because he promised this nation that he would leave this country if he did not win Mayaro. And if he continues to refer to Mayaro as his constituency, I might as well

refer to myself as the Member for Chaguanas West. [Desk thumping]

Madam President, I want to endorse the sentiments and the views put forward by some Members of the Independent Bench, particularly, Sen. Dr. Dhanayshar Mahabir, and I want to urge this Government that the time for playing politics and the time for blaming the previous administration is finished. [*Desk thumping*] The honeymoon is over. I want to urge the Members on the other side that while you feel it necessary to score political points, it is on your shoulder to steer this country through. And do not be ashamed to take a page out of the book of the experts who gave advice to the previous administration, and many who are still willing to give advice to the present administration.

I want to warn this Government this the petty politics that they continue to play in the Parliament and in the public domain will cost the country more in the long run if they do not focus on the business that they offered themselves; the job that they offered themselves for, which they were elected to perform. [*Desk thumping*]

I want to warn this Government that at the end of the day your vindictiveness towards the Members of the previous government should not be your focus. The welfare of every citizen of Trinidad and Tobago should be your focus, and the steps being taken at this time, what I see, is a Government who is being callous and uncaring towards the citizens—every citizen, not just the small man or not just people from one walk of life, but every citizen. [*Desk thumping*]

Madam President there is an American talk show hosted by Maurice Richard Povich, called the *Maury Show*. The guests bring their family drama to the audience. It is discussed and the guests make their proclamations at the end of the show. And at the end of the show the host, Maurice Povich, also known as Maury, reads the results of the lie detector test to the audience. So after all the drama and all the hullabaloo, the line is now famous where Maury would come forward and

say, “The lie detector test determined that was a lie.”

Madam President, in the English Language there are over 40 synonyms to be found for the word “lie”. It is a false statement made with deliberate intent to deceive; an intentional untruth or falsehood; it is classified as a class two strong verb, and so in order not to risk the use of a word which may be considered un-parliamentary, I will not use that famous line from Maury when I describe the PNM’s promise to this nation.

The PNM promised a decrease in VAT. Madam President, the lie detector test will tell you that was not true. [*Desk thumping*] The PNM promised that they will not add VAT to over 7,000 zero-rated items. Madam President, that is not true. [*Desk thumping*] The PNM said that the People’s Partnership Government left no money in the Treasury. Madam President, that is not true. [*Desk thumping*] Madam President, there is a list of other things that the PNM continues to mislead this country on and if they were on the *Maury Show*, they would tell them, “That is a lie.” [*Desk thumping*]

Madam President, I thank you for the opportunity to contribute.

Madam President: Sen. Ramkissoon. [*Desk thumping*]

Sen. Melissa V. Ramkissoon: Madam President, I rise before you and this honourable House to contribute to this very heated topic today, taxes. Please note there are many prominent professionals in the area of finance, market study and economics so I will not go into the nitty-gritty. So today I adapt a very simple approach to this amendment as I adapt a different style to my contribution this evening to this Bill.

The Leader of Government Business is not here right now but he did promise us a manifesto. So I went on line and I did download it and I read it—or some of it—and I looked to see what it said in terms of the policy in relation to this Financial

Bill. And, Madam President, before I start, I must commend the Government and the hon. Minister for answering multiple questions that were posed by the various Members of this bench and for adhering to their manifesto in relation to the benefits to the senior citizens and the reduction in VAT, also in keeping the price of the pumps as they promised in the budget. [*Desk thumping*]

Madam President, I was listening to the radio on my way home and I heard many discussions about the taxes, the Financial Bill, discussing the impact of the taxes on the businesses, citizens and overall prices of goods and services, and I heard one of the radio announcers say something quite interesting. He said how he needed a budget translator after hearing the budget.

7.00 p.m.

So, Madam President, through you, I seek to make a simple contribution that appeals directly to the citizens of Trinidad and Tobago. Trinidad and Tobago people are just too busy. They are just too busy. Look at our nation's roads. The continuous hustle and bustle. We are too busy to read our Constitution, we are too busy to stop at traffic lights and we are just too busy to be concerned about taxes. This impacts directly into our legislation, our Government, as everything we do here affects the people and should be done solely for the people. When we visit rural areas—and I was hearing this during the debate in the other place—we see or we say we are surprised by the living standards of persons, and I do not think we should be surprised.

Because of the limited education we will see persons living to the best of their means. You would see like a one-bedroom house where you can see from the roadside, their living room, their kitchen and their bedrooms from one spot on the road. That means, Madam President, that poverty in Trinidad and Tobago is a real thing and we tend to forget the humanity side to the law. So how do we curb

poverty? Simple. Through education, through knowledge, and that brings jobs. And by creating technician jobs, carpenters, plumbers, that you raise the level and you will curb that poverty level and you will be able to provide for the people.

So today, I would like to say I would like to pay less taxes, squatters would like to pay smaller grocery bills, middle-class people would like to maintain one job to keep a comfortable standard of living, and billionaires would like to stay rich. But, we do not want to be known as the country that raised a new generation of hamper-dependent people. We want to reap a strong independent educated nation. For this reason, I choose to adopt an approach that is brought forward most eloquently by my hon. Prime Minister, and it was on the point that he raised during his debate on the financial Act which seeks to do with the reduction of waste. So hence, I have tailored my contribution towards identifying multiple areas for the Government to further investigate and outline policy to which I will avail my time if you need further consultation, as we are here to make informed decisions to find alternative cost-saving methods instead of just taxes.

So, Madam President, through you, I seek just to go into the basic knowledge about our taxes. In Trinidad and Tobago, taxes comprise of a variety of taxes including both direct and indirect taxes, which are constantly evolving as evidenced by a number of recent changes in the law to recognize and address both domestic and international developments. So we have the corporation tax, and this is a tax on the profits and the short-term gains of companies occurring in Trinidad and Tobago and includes a business levy. Now, the business levy is a tax on gross revenue payable every quarter, and the final liability is offset by the corporation tax payable at the end of the year. So, I will just give you a brief synopsis of green fund levy. This is a tax on the gross revenue payable quarterly, and it is aimed to discourage the abuse of gas consumers and inefficient sources of energy and

encouraging the implementation of environmentally, friendly alternatives.

Now the Green Fund is a national environmental fund of the Republic of Trinidad and Tobago, and the law which is the Miscellaneous Taxes Act states that:

“64. The purpose of the fund is to”—provide financial—“assistance to community groups and organizations”—for—“activities related to the remediation, reforestation, environmental education and public awareness of environmental issues and conservation of the environment.”

So why am I saying all of this? Now, the fund was initially started—well, the first contribution of the fund, sorry, was in 2001. By 2011, we had approximately \$2.6 billion, and then there were six projects that were reviewed by the Green Fund Advisory Committee and this amounted to \$44 million.

Now, after listening to the hon. Minister of Finance today, he said we are in an overdraft, and by increasing the percentage we will now be putting ourselves into a better scenario with the fund. Now, we have heard about United Nations’ 17 sustainable development goals that we would like to achieve, and we are on board with that. Now, I want to know, by putting this additional money or this percentage, I saw in the 2016 Budget Statement it said with the increase of this to .3 per cent it would increase the fund with \$.5 billion, so I want to know if we will be using this money for these 17 sustainable development goals as this is an environmental Green Fund aspect.

So, I will now look at a very popular politician in the UK, and he said—well this is Mr. Gordon Brown and he commented on environmental taxes and other economic instruments that can play an important role in ensuring that prices reflect an environmental cost which discourages behaviours that damage the environment. So this is what we in Trinidad and Tobago want to do. We want to discourage abuse and waste. So, of course, any government intervention must be proportionate and

will be targeted, and it needs to take into account other factors such as distributional effects and business competitiveness. So higher green fund taxes, higher business levy can increase prices, but who is the target group?

We, Members of Parliament, do not control the prices of the businesses. For example, the week of the budget, without even hearing the budget we heard and we saw prices go up, and that is to say that we do not have any control mechanisms. Sen. Chote spoke it, what is the control we have when we implement these financial acts in the legislation; how do we control what businesses do? It was interesting that the Consumer Affairs Division, which is the rights of the consumers are protected by the laws of Trinidad and Tobago, and the Consumer Affairs Division is a consumer-protection agency with the responsibility for providing advice and information to consumers.

Now, I had a case with the Consumer Affairs Division, and I purchased a new vehicle and I had corrosion on the inside of my vehicle. I raised the scenario with persons who I knew who bought a similar vehicle, as well as I raised it with the Consumer Affairs Division via email. Unfortunately, I never got any feedback from them. I do not know if they ever dealt with the firm, but the thing is they need to give—if they do market studies and they do have the best interest of the consumers at heart, they should make it public and they should tell you. I was looking at this local hosting programme where they actually had the consumer affairs representatives there and they were explaining to you how to shop in Trinidad and Tobago. They were talking about if you are purchasing a blouse you make sure it is not torn, and I could not understand—that is not our main concern.

We want to be protected by high prices that we have no control over. For example, I went to look in this variety shop and they had this charger to jump-start your vehicle. It was TT \$300. When I went online to see the reviews, to see if it would

work, it was US \$10; US \$10 versus TT \$300, that is TT \$60 or TT \$70 to TT \$300. I was shocked. So after hearing about your concern about our online shopping, people like me will suffer because we feel like hopeless sometimes, when you go to the local vendors and you cannot get your value for your money.

So, Madam President, let me just draw you now to an article I saw by *The Economist*. It was dated January 02, 2016 and it was aiming to look at the GDP forecast of the fastest-shrinking economies, and unfortunately they found Trinidad and Tobago to be the ninth worse in the world. Just behind was Greece. At my last contribution, I spoke about Greece and their debt crisis and how they were unable—and they are still unable—to totally bail themselves out of this debt, and I pleaded with all Members that we need to study and we need to look at Greece to make sure we ourselves do not make similar mistakes. We need to learn from our worldwide neighbours and not just criticize them but learn from them. I am willing to work with all Members to create a better country and a place that I am proud to call home.

So call me optimistic or new to the Parliament, as I am new, and I intend to stay very optimistic because as wise Apple CEO Steve Jobs said:

“The”—ones—“who are crazy enough to think they can change the world are the ones who do.”

So I intend to strive for difference, not only to speak of change of management, but to do. If persons have enough evidence to talk about it in Parliament, to go into our history books or our history records and act on it, do not only talk about it for it to make headlines. Do something, be brave to be different.

I understand it is difficult for the citizens to trust and at times listen to politicians, but this has been created over the years. It is not yesterday that we have had different Governments, we have different personalities. So for the citizens, do

not regret, do not worry. Let us build ourselves and continue to pray for our leaders of our nation as we as leaders are to empower our citizens by influence and education. So as we educate ourselves and climb the ladder of success, let us hold our leaders and politicians accountable for what they say. Also, accountability also goes to our media for what they print. Let us start somewhere.

Madam President, if we look at Trinidad and Tobago's exports of their natural resources we have the petroleum and the petroleum products; we have liquefied natural gas, methanol, ammonia, urea; we have sugar, cocoa, coffee, citrus fruits, even flour.

The Trinidad and Tobago Manufacturers Association indicated that there are more than 200 manufacturers operating in Trinidad and Tobago. I found some facts on the Trinidad and Tobago Manufacturers Association website and it said that it was expected that the sector contributed \$7 billion to the economy for the calendar year 2015. The output from that sector will account for 8.1 per cent of the GDP. This projected increase in manufacturing output is primarily driven by two subsectors, which are the registered increased growth in the food, beverage and tobacco subsectors, and then the printing and publishing subsector.

The overall expansion of the manufacturing sector may be limited due to the progressive weakening of activities in other sectors like textile, garments and footwear, wood and related products—because I cannot remember where the last sawmill—all I know is sawmills are closing down, closing down, closing down. And there are other miscellaneous manufacturing industries in Trinidad and Tobago. So how can we really solve this weakening? The non-energy exports account for approximately 15 per cent of our total exports. Between January and September 2015 the total exports of locally manufactured goods declined by 30.7 per cent and the exports to the Caricom countries accelerated or grew by 30.5 per

cent. However, this is not enough to offset the steep decline in exports to non-Caricom territories.

So, employment growth in the manufacturing sector has remained positive. The sector employs about 53,600 persons, which is about 8.3 per cent of the entire labour force. The oil and gas sector is just about 5 per cent of our labour force. So, as part of the manifesto policy of reduction of VAT, it is very good to note, but I also found it is very hard for us to have accountability of companies to pay their VAT. So what is being put in place?

7.15 p.m.

And I saw on a press release yesterday where the Prime Minister spoke about a revenue authority that would be dealing with tax evasion. This is very important because if you are not holding anybody accountable for paying VAT on their VATable items, then what is the public purse gaining? If you are now going to put in a revenue authority, which means you are now going to staff a department or a section, how long is that going to come into streamline? So we want to know, we are going to implement VAT by February 01, we are now looking at putting up a watchdog, as you would like to put it, the revenue authority. How is that flowing? We are raising VAT but we do not have accountability. We need to have them before: accountability and then you increase the VAT.

So let me get into the meat of my contribution which is dealing with waste and I am going to identify about nine ways in which the Government can look at to see if we are able to do this at this time. I was very pleased to learn that the hon. Prime Minister has given a mandate to the Minister of Education to investigate other measures of security other than 24-hour lighting at the school system. This is a great way to save on our energy consumption and not waste. This should be inclusive of our fans, our AC units and also our computers that are left on at offices

when they are not in use. So I do commend the Government for that willingness to conserve.

Another area of usage is our local human resource. We have multiple, experienced personnel and I have heard from Sen. Mark, we have approximately 172,000 persons over 60. Right. All these persons, they have been through hard times, they have been through part recession. They are learnt persons, they are specialists in their areas and they have ideas and they are still willing to serve their country. Why do we not use these persons as consultants in their different areas? Set up a system where we have an umbrella that we pay them in TT dollars, where we do not have to pay our consultants in US dollars and we use our experienced persons, trained persons, who have been in oil and gas. Some of them have been in there 40 years in the oil and gas from apprentice level. We should be using these persons. We are always saying that we have gaps in the organization, this is one way that you can save and you can eliminate your wastage. And these persons could also be used in approach for community service in educating the youths and helping build a nation that they are proud to speak of.

Another way to save is in recycling of your office and in your homes. And when I say recycling, I know Sen. Raffoul spoke about the plastic bottles. Why are we using so much plastic? Why we are talking about environmental and then we are talking about using things like this [*Senator holds up bottle*] that should not be. Simple things like using plastic bags every time you are going to shop. I think PriceSmart, Massy Stores and all these others now have these handle bags that you can purchase, so you do not have this un-environmental friendly concept coming in. Also, I saw that the television is now advertising a local broadcasting of children teaching other children not to litter, to be more aware of conservation. And it really is good to say that we as a nation or we as a country should not be

wasting.

And how can we use our waste to benefit us? Is it that we can use them for landfills? Is it very costly to use as landfills? Because if you pass at the Mosquito Creek, they are actually doing reclaiming of land and they are using boulders or something. But can we use our waste instead of using this material that we have to import and bring in? Is this another alternative? Because we do not have much place to dump our garbage and we have these reclamation of land. Let us look at this as an avenue that we can save what we already are wasting.

Another area, Madam President, is that we have gone paperless with our iPads, but our garbage, our paper that we are just throwing—we know our distribution of our normal garbage system, but what about the recycling schedule? In the office I work in, we have these blue containers for recycled paper but, unfortunately, at the end of the day, all the garbage goes into one bag. So why are we having recycle bins then? You see, that is the thing, bad habits die hard, so if we do not start today, we will never start. And remember, we want to have an independent nation, we want to have a strong—a real system. We do not want them to be repeating our mistakes. And Albert Einstein has a very interesting saying: the definition of insanity is repeating the same behaviours and expecting a different outcome, so we need to change somewhere. [*Interruption*] I did not hear that one. [*Laughter*]

I heard the Minister spoke about agricultural land and if you look at Trinidad and Tobago, in the rural areas especially, there are large masses of land that is not used and underdeveloped. I would like to know why we cannot lease these to farmers or give them to farmers but create a market for them. You cannot just tell them plant or harvest, you have to get a market for them to go to. This will save in our foreign exchange and provide employment. So we would not have to be importing tomatoes, cabbage, onion, garlic, carrots, bananas, but we will have this home,

local grown and the prices definitely will be cheaper, and then we would be providing employment for our people and definitely will be a benefit.

Another area that is a bit touchy is our prisons and other correctional institutes. They tend to be very costly to our taxpayers. As in persons who come into the prison system, if they are innocent or guilty, they should not have to be in a free, hostile environment or, as some people say, a hotel. They should pay for their meals and their care. Some persons say they go to prisons sometimes to get a meal. We, the taxpayers, are paying for that.

I remember this person said, you know, for Christmas, the prisons would treat them good so they are going in, and I do not understand. We need to get accountability. If they are coming in, let them pay for it. Afterwards, they will come out and they will have to make back the money for whatever they used. All right, so we need to be forward-thinking because you need to think with the end in mind.

One of the areas that I looked at was that we cannot think as though we are in the 18th Century. This is very interesting because Brazil cancelled their Carnival as a measure of the economic change. It was printed in the financial review, January 12, 2016, that:

“Brazil scraps carnival as recession bites”

And this is a five-day traditional event that is held in early February and they were able to say that they did not have enough money to hold Carnival. One city actually said that they rather buy a new ambulance for their people than to host Carnival. I am not sure if Trinidad and Tobago would ever take that brave stance. But if it is needed, we may have to do it.

There are two more areas. Two-thirds of our spending at all levels of Government and Ministries consist of human services delivered in a way that is outdated,

counter-productive and more costly than it should be. Why do I have to fill out a renewal driver's permit? Do you not have my ID on record? Do you not have my birth certificate? Why can I not just go online—and the visa system has it—so you post your picture, you fill out everything on and you send it forward? And when you have to collect, you set up an appointment, they verify your documents and they give you the payments. So many. Even when we have to file for income taxes. There was a time when you could have done everything online and they automatically calculated for you and it is sent. They ask you to print a copy so you know, just in case, for the paper trail. But why can we not move to that age?

I saw in a document that was sent out today from the Questions that we are going for a free island-wide public broadband wireless network initiative. If we are encouraging Internet use and wireless intervention, why can we not do that in our Government service? This definitely will eliminate some of the wastage. We need to get out of that paper system and that outdated system. We are not in the 18th Century anymore [*Interruption*] or the 19th Century. Right.

So we are at the ninth point, my last point in terms of wastage. I work in quality and amazing enough, quality products and services save. You will not see your initial cost savings but the long-term savings is where you want to be, and I saw a government actually implemented that. And well, it was in the US and they said that they did not adapt the Wal-Mart method of saving, they looked at quality products. So we look at our local equipment and our local workers and we want to give them pride in their quality and what do we do with our goods and services. So that is a measure that will cost us initially but in the long run, it will definitely be a benefit to us.

So, Madam President, I draw your attention to one of our key stakeholder organizations, which is our oil and gas, which is Petrotrin and their leadership had

advised that they have been in a two-consecutive year loss with a debt of \$13.2 billion. The *Newsday* January 11, 2016, Standard & Poor's had downgraded Petrotrin. There are many new facilities still in construction phase such as the ULSD, which is the Ultra-Low Sulphur Diesel Unit, which has been budgeted for in 2016 which was for \$397 million; construction works was at 99.23 per cent. But due to commercial production, there was a delay and due to structural steel issues and design issues—and I must thank the Sen. The Hon. Gopee-Scoon for finding out the answer to this for me and educating me on this. That due to issues in terms of the design, they were not able to carry on with that. My concern was really you are at 99 per cent and your construction was completed but you are going back to design. I do not know how many persons could understand that.

Let me see, it is almost like “building ah house, yuh finish yuh yard work, yuh finish the house, yuh reach windows stage and then they come and say, yuh cyah live there, yuh know. It cyah hold earthquake, so you have to move out”. I cannot understand how they could do that. And this thing has to go from a lot of levels. In Petrotrin, it is a hierarchy system. It is a lot of levels. A lot of recommendations get lost because of the middle management and the wait is done. So I would like for the hon. Minister to just shed some information into our vital upstream and downstream oil and gas sectors in light of our falling prices. We are already in debt. We are already making some very bad decisions. What next?

Madam President, I have one other question to raise and it is to the Government. We were given to start a new oversight committee: the Public Administration and Appropriation Committee to track the real-time spending of the budget. This is to ensure that there is a kind of accountability and there is oversight in our spending of our public money. So it is either we did not spend any money from October or we are still spending old money but we have not had any meetings yet. So I would

like to know when the first meeting of this committee is as it is dealing with the real-time spending. [*Desk thumping*]

7.30 p.m.

So, Madam President, I listened to the hon. Minister in the other place, and he promised bringing forward the Gambling (Gaming and Betting) Bill, the Procurement Bill and other very key legislation. To the Leader of Government Business, I will just like to ask, if it is not too difficult, if you can share with us the Legislative Agenda for this year, so we all can be prepared and we all can add a vital point to the legislation. [*Desk thumping and crosstalk*]

Another quick question that was discussed in the last debate, and it was raised by different Members. I want to reiterate it and I am not sure if the Minister can give a tribute to the end of his wrap-up session. But it is to give us an idea of what timeline, or what time frame we have to repay our debt? I am asking this because we are not making decisions for us. We are making decisions for the people in primary schools that will be here in 15 years' time. We are making decisions, so we want to know. When your parents have a mortgage and for your car loan, is not them who have problem, you know, It is the children that inherit the debt. So we need to know what the timeline is. Is it 20 years? Is it next year we are going to have no debt? We just want to have an idea so we could know in relation to a real time spending, what is our projection or a 20-20 vision, as some would say?

Madam President, I am not unreasonable to politicians, and I do not expect them to solve the problem of rising energy bills, but control the impact it has on his or her community or country. Trinidad and Tobago does not exist alone in this world. It is not always easy to blame someone else. It is always easy actually to blame someone else. So where does the buck stop? We are known as the 85th most corrupted country and that is probably why.

We are always passing blame and after all said in this breath of unity and working together and coming together, the continued pattern of the Government versus the Opposition, and the media highlights this, and they sell millions, probably—it sells newspapers. But is this what the people want? Is this what the people want to hear? Is this the views that we want to share? If this is what the people want, then why did a positive inspirational speaker such as Joel Osteen, sell over 100million copies of one of his books? We need to think of that. So, as we face an international issue—[*Interruption*]

Madam President: Sen. Ramkissoon, you have five more minutes.

Sen. M. Ramkissoon: Thank you. As we face an international issue of falling oil prices and our shrinking economy, it is about time the public and the elected Members play an active role. I believe we can achieve excellence in doing the right thing and setting a standard together. We need to have respect for one another and only not say it in front of the media, but act it. Do it.

Zero ways start with us, simple tasks like taking off the lights, A/C, computers after use is a small step in the right direction. One motto we can look at today is: look for how we can do better, rather than simply how to cut. Forward thinking, Madam President, is how, for example, when you plan a vacation. You see where you want to go. Is it Hawaii or Paris? But you do not just make a choice based on what somebody says. You have to know your needs and we, the Government, the Senate and the other place, need to know, what the vision we want for our country is. Where we want to see ourselves? Where we want to see the citizens of Trinidad and Tobago? So that is how when we plan and we have an image, the only way we can achieve that, is by a different thinking and a forward thinking, Madam President.

So I do thank you for giving me this opportunity to join in this debate today. I do

look forward to learning something from each one of you. I am new and I am very optimistic in the way this country should be run. I do believe we need to work together.

I saw this very interesting analogy with chess. The two players had extremely good critical thinking and strategic objectives, but the aim was always to get chess mate. We should not be operating like that. We do not want to play chess. We want to work together to get a better, stronger country that I can be proud to say, I am a Trinbagonian. So, thank you. Thank you, Madam President. [*Desk thumping*]

Sen. Wayne Munro: [*Desk thumping*] Good night to everyone. Madam President, I rise to address the Bill that looks particularly at the Finance Bill, that seeks to amend the legislation, particularly to look at the starting dates of the various Acts: the Immigration Act; the Motor Vehicles and Road Traffic Act; the Income Tax Act; the Corporation Tax Act; the Value Added Tax Act; the Miscellaneous Tax Act.

In other words, Madam President, I am here to discuss particularly the personal allowances moving from \$60,000 to \$72,000. I am here to address the issue that deals particularly with the waiving of fees on drivers permits and passports for persons over the age of 60. I am here to participate in the debate that addresses the value added tax changes. Madam President, I am here to debate the increase in the business levy and green fund levy.

In the spirit of the debate, it is very traditional that one will first comment on the contributions put forward by others that have gone before. So in my contribution, I will focus on the contribution first of the hon. Minister of Agriculture, Land and Fisheries, then I will focus on the contribution of Sen. The Hon. Franklin Khan, and I will save the majority of my contribution to focus on the Bill in particular, addressing the areas of concern raised by the hon. Minister of Finance.

When I turn and I listened to the contribution put forward by the hon. Minister of Agriculture, Land and Fisheries, what came out from his contribution from this point, was that he first started off giving a list of challenges he faced as the Minister. He went on to tell this honourable House that he is on the road most of the times, and, most importantly, Madam President, he spoke about history, giving this House a long, long history lesson.

But in the midst of his contribution, what I actually got from his contribution, Madam President, was when he spoke about the frozen chicken outlived their shelf life, and they are present in the market. So the first thing that came to my mind what the Minister was focusing on, the frozen chicken that have passed their shelf life. The first thing that comes to my mind, is the PNM administration, and the way in which they are running this country. [*Desk thumping*]

The hon. Minister, Madam President, he went further, and he said that in his duties he is not a Minister that would say and do nothing. In his contribution he said that the first thing he is going to do is, he is going to get the agricultural sector right. We on this side waited with bated breath to hear what policies the hon. Minister of Agriculture, Land and Fisheries will put forward in his process of what he calls getting things right. What the hon. Minister, the Minister of Agriculture, Land and Fisheries told the House tonight, was that the first thing he will do, he “going to dust off” all the reports; not putting particular policies in place to address the issues that exist with the agricultural sector.

Madam President, then I go to the contribution of Sen. The Hon. Franklin Khan. I enjoyed your contribution. What I learnt from your contribution is that you made a particular statement, you said: if someone walked into this honourable House, this good House, and they hear the Minister of Finance, they will think he is an economist. That is your exact words from the *Hansard*. What I gathered from that,

it reminded me during the campaign trail, Madam President, in Tunapuna, the neighbour next door by me. She is a PNM. She has a whole set of Balisier plants in her yard. During the election campaign she called me and said: “Mr. Munro, come and see this. I said what is it”? A big, nice, pretty, thick rope wrapped inside the Balisier plant. [*Interruption*] A big, thick rope.

While she is showing me the rope wrapped in the Balisier, the rope started to move. It was next door in the PNM, yes. Madam President, you know what it was? It was a big snake. It looked like a rope, but it was not a rope. It was a big a snake. So, to Sen. The Hon. Khan, you said that if someone walked into this room, in this honourable House, right?—and they listened to the Minister, they will think he is an economist.

Sen. Khan went further and said—made the statement: “We hope that the Minister would get the policy correct”. So if you are hoping that the person would get the policy correct, you are hoping, but if it was an economist in office, we economists know that he would have gotten the job right in the first instance. [*Desk thumping*]

I now turn in an orderly fashion to the debate at hand, and the majority of my responses would be directed particularly to the hon. Minister of Finance. During the Minister of Finance’s presentation, I sat and I took copious notes of his presentation. I am glad he is here now, so he could correct me if I make any particular mistake, as it relates to the presentation that he made to this House.

The first thing the hon. Minister spoke about in another place, was that he said that—he gave different scenarios for oil prices. One scenario for oil prices was that he said: an oil price of \$45 would give a projected revenue of US \$5.4billion to Trinidad and Tobago. The hon. Minister went further to say that, with an oil price of \$40, the country would get a projected revenue of \$3.5billion. He went further now to tell the House that if he gave—with a price of US \$35 a barrel, you will get

what?—US \$2.5 billion. I took notes from the other place, and I listened to your presentation today.

Then now, Madam President, I am seeing now that he also said that with an oil price of \$30 a barrel, he said the country will get \$2.75 billion in revenue. In other words, he is showing a downward trend. The economist will call that a downward trend in the movement of prices over a different range of scenarios.

I went further, and I decided to go and observe the prices for oil that exist over the period of January, and I observed that on January 04, oil price stood at \$36.81 and for today's date, the oil price quoting from the hon. Minister of Finance who downloaded an app to monitor prices, the price he quoted was—and correct me if I am wrong, Mr. Minister. He said the price was \$29.20. Now, if you ask any economist to do a calculation from US \$45 to \$29.20, the percentage decrease is 64.88 per cent. An engineer would not call this a crisis, but an economist would call this a crisis.

I beg your indulgence at this point go through excerpts from the hon. Prime Minister, when he made a presentation on December 05, 2015. Now, in an address to the nation by the hon. Prime Minister Dr. Keith Rowley, MP, Prime Minister of Trinidad and Tobago on Tuesday, December 29, 2015. Madam President, the Prime Minister started by saying fellow citizens, ladies and gentlemen; the Prime Minister.

7.45 p.m.

He went further to say, the hon. Prime Minister, Dr. Keith Rowley, he commented on the state of the economy in Trinidad and Tobago, and we all know on that side, and on this side, that when someone is addressing the nation the political hat is turned off in his contribution. The hon. Prime Minister, he talked about what he found in the economy after assuming office in September, and I am making a

direct quotation, Madam President, and I quote:

“...I want to emphasize that our accumulated savings are not insignificant...”

Let me say that again for you, Madam President, he would like to emphasize that our accumulated savings are not insignificant. It means that the money that was left below the mattress—it means that the money that they found in the piggy bank, it was a significant sum amount of money left behind by the People’s Partnership Government. [*Desk thumping*] The hon. Prime Minister, Madam President, went on to identity in his presentation, and he said that:

“We have approximately US \$10 billion in official reserves.”
—left behind by the prudence of the People’s Partnership Government. [*Desk thumping*]

The Prime Minister went on to say:

“Residents of Trinidad and Tobago”—we—“have approximately US \$3.6 billion in deposits in the local commercial banks.”

Madam President, a person will not put away money in an environment where they are not comfortable. The People’s Partnership had an enabling environment that stimulated savings at commercial banks. That is why the hon. Prime Minister can make the statement that the savings left over by the People’s Partnership Government was a significant sum. We on this side, we know how to save, and we know how to encourage savings in Trinidad and Tobago.

The Prime Minister, and I quote directly from his speech, he said that:

“Insurance companies”—he said—“mutual funds, pension funds...National Insurance Board”—and others—“have a significant amount of foreign assets overseas, as permitted by the legislation.”

In other words, the People’s Partnership Government upheld the legislation and the

law to ensure that those assets are there for him to comment on the sum of money left over by the People's Partnership Government. [*Desk thumping*] Madam President, the Prime Minister stood up as well and, in his deliberation and his address to the nation, not putting on the political hat, as Members opposite tend to do in this House, and he said—what?

“We have US \$5.6 billion in the Heritage and Stabilisation Fund.”
—and, we know, left over by the People's Partnership Government. [*Desk thumping*] The Prime Minister, Madam President, went further to say:

“In addition to all”—this—“some experts”—said—“that citizens of Trinidad and Tobago have assets and cash overseas amounting to hundreds of millions of US dollars.”

Madam President, the true reality is that the country is facing falling prices of oil on the international market. The price of oil is falling on the international market as a result of the excess supply of oil on that particular market because of the competition taking place on the international market. The result of the falling projected revenues from the export of oil, it widened the gap between what you call projected revenue and the actual revenue. In other words, since the Government, the PNM Government came into office, there has been no criteria put forward to cater to the poor and the most vulnerable person in our society.

Madam President, the middle and the lower income levels of individuals are crying out for help. The middle and the lower income individuals are crying out for help because of the non-performance of the PNM administration. The PNM administration, there is no conscience. There is no conscience available to see after the needs of the poor and the underprivileged. There is no cushion available, Madam President. There is no cushion available to protect the middle and the low income from what is ahead in this country. Under the People's Partnership

Government, Madam President, there were several cushions available. One cushion we had available, we had laptops. Another cushion available, we had the grant for pregnant and single mothers. Another provision we had available on this side, the food card—[*Interruption*]

PROCEDURAL MOTION

The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan): Madam President, in accordance with Standing Order 14(5), I beg to move that the Senate continue to sit until the completion of the business at hand, inclusive of matters on the adjournment.

Question put and agreed on.

FINANCE BILL, 2016

Sen. W. Munro: Okay, thank you, Madam President.

Madam President, there is no cushion available. The PNM has removed the cushion that was put in place to cater for the poor persons in this country. They have taken away food cards from needy mothers. They have taken away the book grants from individuals. There are no laptops in schools available that was promised. Madam President, the fiscal adjustments ahead is harsh and in some cases there are cries by members in this society that the PNM Government is inhumane as it relates to neglecting the poor, by providing no form of relief to the poor.

I will also want to stress that under the People's Partnership Government there was a cushion. Under the People's Partnership Government there was a cushion that took care of the underprivileged. There was a cushion that took care of the needy in the society. There was a cushion to take care of persons on this side, as well as persons on that side. In other words, the cushion was available for everybody in Trinidad and Tobago. The support I am talking about that was available is needed

in order to provide a reasonable living standard for all members across the board. Madam President, we know hard time is coming towards us, but what the PNM has put in place to ensure that a typical family has a decent breakfast?—to ensure that a decent family has a reasonable lunch?—to ensure that a family has a decent dinner? There is nothing in place, because the PNM is characterized by non-performance since they have entered into office.

Madam President, I am glad that the Minister is here, and I am glad that he is here—is it a mid-term review we are having now? It is not a mid-year review, right?

Hon. Senator: “He say is not.”

Sen. W. Munro: He said it is not, right?

Hon. Senator: So he says.

Sen. W. Munro: So, he said it is not a mid-term review we are having. Madam President, he said it is not a mid-term review we are having, but if it was a mid-term review we were having, I would have given them an F for non-performance. [*Desk thumping*] I would have given the PNM an F for bringing retroactive legislation. I would have given the PNM an F for bringing late implementation of budget measures to this House. [*Desk thumping*] I would have given the PNM an F for not telling the country a plan to get us out of this recession. [*Desk thumping*] I would have given the PNM an F for not keeping in touch with the poor people in Trinidad and Tobago. [*Desk thumping*] The PNM is disconnected from the poor. The poor is crying out and they are disconnected. I would have given the PNM an F for the unattainable revenue targets. I would have given the PNM an F for the undue pressure on the poor in Trinidad and Tobago. [*Desk thumping*] Madam President, I would have given the PNM an F for raising the borrowing limits [*Desk thumping*] without answering the questions put before

them as to the directions in which the borrowing and the purpose of the borrowing limits.

Madam President, the hon. Finance Minister is here now, and he is honourable. He is very honourable, right, and he is here now, and he said—and you could correct me if I am wrong:

We are still reviewing the list as we speak, and any future changes to the list will be dealt with—his terms, Madam President—any changes would be dealt with at the time of the mid-year review.

I am pleading to the Minister of Finance, the country cannot wait, Madam President, through you, for a mid-year review to put necessary items on the negative list—on the zero-rated item list. [*Interruption*]

Hon. Imbert: Negative list?

Sen. W. Munro: On the zero items, Madam President. Should we wait for the mid-year review? Or should we take that happening now, Madam President?

What is your policy position, Minister of Finance—he is silent at this point—to deal with the crisis when oil prices drop to \$20 a barrel? In this House he said that the price of oil could dip as low as \$20 a barrel and he left it there. He could have come to this House and bring projections now to what will be the Government policy; what will be put in place when the price of oil—he just said that experts estimates may be true, but that is all he came to do, to put fear in the hearts of the people in Trinidad and Tobago—no plan, no policy, no performance, PNM, promises never materialize. [*Desk thumping*]

Madam President, I will like to ask this question—now we on this side we do research and we know best practice, check our track record you will see. Madam President, I will like to ask the Minister of Finance, and he could address this in his winding up—I am not going to give way because I know it will take into my time.

I see he took off his glasses ready to jump up. I will ask him the question, through you, Madam President, which oil-dependent country has come out of a period of falling oil prices and decreased production levels?—has come out of a recession by what? Spending on housing? And which country—based on what best practice, has gotten out of a recession based on spending on a proposed rapid rail for a country? I will give way now if he wants, but I know he has all the time in his winding up to address that, so, through you, I am not going to give way at this point.

The Minister needs to come straight and identify the strategies available on what his Government plans to put forward, Madam President. Today's date, the hon. Finance Minister could have taken the golden opportunity and come to this honourable House and tell us how he plans to increase production of oil and non-oil in Trinidad and Tobago. The hon. Minister could have taken the opportunity and do the right thing to the country of Trinidad and Tobago and put politics aside and stop the blame game and get along with the business of identifying avenues in which he plans to increase productivity and enhance increased output throughout Trinidad and Tobago. The hon. Minister could have come to this House and come clear with us and tell us what areas of expansion his Government, his PNM Government, plans to put in place for us to ride the business cycle during this recession period. Madam President, I am convinced, without a doubt I am convinced that this PNM Government is a make-it-along-the-way policymaker. Everything you see is make-it-along-the-way. Make-it-along-the-way, the price, the estimated price for oil, \$45 a barrel.

8.00 p.m.

Make-it-along-the-way, what you plan to do with the \$50 billion debt ceiling sum. Make-it-along-the-way. Everything is make-it-along-the-way. Make-it-along-the-way, how you plan to spend the money from the Heritage and Stabilisation Fund?

What is the sum up to today's date, Members on that side opposite have not told the nation of Trinidad and Tobago the sum of money they will put in the stabilization fund. All they have told us is that we plan to take out \$1.5 billion, but they have not identified the sum of money that would be transferred, and some put in the heritage fund as well as the stabilization fund.

The last resort a person could do is touch their savings. Once you touch your savings, any economist, any true economist, not someone looking like an economist, will know that if you touch your savings the first thing is that it will impact upon your debt ratio—that is the first thing—and international credit worthiness. Any economist will tell you that the first thing you touch is the interest on your savings. That is the first thing you do. So you come into this House and indicating to us make-it-along-the-way policy in terms of policy prescriptions to the Heritage and Stabilisation Fund. Everything is make-it-along-the-way PNM style.

Madam President, in fact, they have an expert economist on that side; he is famous for mismanaging the economy 101. That is why he is on that side—typical mismanaging the economy 101. I am sure he is the one advising them along with others. Approximately 170,000 senior citizens exist in Trinidad and Tobago. Internationally this group of persons are called a “silver group” of individuals because they demand special goods and services. This silver group has needs that need to be fulfilled, and very soon a large number of Members on that side will be approaching that silver group, so one should expect that Members on that side should take cognizance of the needs of that silver group.

The Finance Minister came to this House and has not identified any policy prescription as it relates to the training of this senior group. There was no transfer of knowledge as it relates to policy prescriptions for this particular group.

[*Interruption*] Yes, training of the group; I can expand, there is a policy for that.

Madam President, where are the health policies for the senior group? He wasted an opportunity there. Where is the policy? On the news we are seeing a large number of senior citizens on the streets now. They are on the streets. As soon as the PNM Government came into office, a large number of senior persons either are missing or on the streets. Where is the care? Where is the care? Where is the care?

Hon. Senator: Where is the evidence?

Sen. W. Munro: Check the papers today, my son.

Where is the care for the old people, the senior persons? I expected the Minister of Finance to come to this House, this honourable House, and put policies in place for the senior persons, some form of incentive to the NGOs in order to try to provide homes for the senior citizens.

The Minister of Finance did not even provide a wheelchair policy. He did not even come and provide a walking stick policy, and most importantly the Minister did not identify which section of his Government will be allocated or put as trustee to ensure that the senior persons are not ill-treated. Madam President, there are no policies in place for geriatric social workers to be assigned to the senior persons.

In terms of the business levy—you only pay the business levy if you do not earn a profit in that particular year. So businesses now will pay the business levy once they do not earn that profit. The Minister in his presentation indicated that the purpose of the business levy is to spread the burden evenly across Trinidad and Tobago. That is what he said, to spread the burden across—the business levy. Research has shown that increases in the business levy is not spreading the burden of adjustment across the country. Why is it not spreading the burden of adjustment across the country?

The first thing is that with the passing of the business levy, the first persons to feel

the pinch would be the consumers. You do not have to be an economist to know that. The businessman will pass on all over costs to the consumer. The cost is built into the product and passed on to the consumer. The business levy remember is for businesses not making a profit. So for those opposite who do not know what that means, it is total revenue minus total cost equals zero. The tax is levied on gross, not net profit. There is a difference between gross profit and net profit. I can also explain that for them on that side. It is not the first time I have been teaching them. The business levy will first impact negatively on innovation. We know what innovation is; we encouraged sectors to be innovative: the green economy, the blue economy and the silver economy. The business levy will inject a level of speculation in the economy by businesses, and the businesses will be very uncertain as to their operations. If you ask me, the main objective of the business levy is to increase the VAT register. The PNM Government is only seeking revenue. The PNM Government is not seeing cost push inflation as a result of increasing the business levy in TrinidadandTobago. Such effects will impact heavily on the poor and the underprivileged men, women and children in TrinidadandTobago.

I would like the Minister to tell this honourable House whether there was any consultation, Mr. Minister—and I am glad you are here—before you decided to remove items from the zero rating and put them on the VAT register. You can answer that question in your winding-up.

Some persons in the public have experienced salary wage freezes. So you have persons having the wage freeze on the one hand and you have the expectation in the country that future wage freezes will occur. The wage freeze means that there is no increment on salaries; so on the one hand you have salaries not going up. So a case of salaries not going up, on the one hand, and then persons now being called

upon to pay more taxes, more VAT under this PNM administration.

Madam President, there is no balance. Personal income is being affected negatively on the one hand, and personal consumption choices have been limited, have been reduced under this PNM Government. The commodities that were zero rated a consumer could have bought them before, and now as a result of the high price imposed on that commodity it means that the consumer choices in Trinidad and Tobago have been reduced.

The fiscal combination is more likely to serve as a disincentive for production, productivity and cause total unemployment in the country to increase. The reality is that the value added tax is seen as a broad-based consumption tax that affects low and middle income adversely. But the PNM Government, all they are seeing is revenue. The Finance Minister comes to this honourable House and all he is talking about is revenue, revenue, revenue, revenue. Where is the care? Where is the concern for the poor and the persons who are in the middle and the lower income group? They are not seeing the inflationary effects of their policy on the economy of Trinidad and Tobago.

Madam President, for items that were zero rated, we are now being asked to pay 12.5 per cent. One may argue that the VAT impacts negatively on the purchasing power of the poor, particularly the middle—[*Interruption*]

Madam President: Hon. Senator, you have five more minutes.

Sen. W. Munro: Thank you very much. That impacts negatively on the poor, especially those persons who have low incomes in this country. Miss Lisa from Tunapuna, one of the PNM activists, is now having political voter remorse. She is having political voter remorse. Political voter remorse means that she is second thinking the decisions that she made. Why is she doing that? She has three kids all under the age of 12, and I am sure she is watching now. As a result of the proposed

increase in the value added tax on zero-rated items in the basket of goods available to Lisa, we have estimated that there is a 35 per cent increase in the prices of goods and services, and she has three kids. Let me formalize the discussion; let me make it simpler for those on that side to understand.

Someone who had an expenditure of \$300 before would now have to pay \$405. A consumer spending per week \$400, now has to spend \$540. If you are spending \$500, you would now have to pay \$675. If your expenditure is \$600 per week, you now have to pay \$810. Madam President, I am sure you are a family person, and if you have to pay \$700, you now have to pay —under this wicked PNM Government—\$945.

Madam President, to date a large number of poor persons who had legitimate need for a food card, have their cards deactivated. I saw Miss Lisa and her three kids—this has nothing to do with politics—and the three kids were holding on to her skirt tail as she walked in the HiLo in Tunapuna. I was not stalking her, I was just close to her. I saw that she started picking up some items. She picked up a loaf of bread; she picked up some butter; she picked up a bottle of water and when she went by the cash register to swipe that food card, guess what? For voting for the PNM Government, the card has been deactivated.

When she went to make a complaint to the PNM representative for Tunapuna, guess what? He was not in office. P-N-M, promises never materialize. And that is just one case. There are a number of cases in which persons have gone to the office—*[Interruption]* I am not making it up. I can provide you with her number right now. Madam President, Lisa went to the grocery with her children and she got nothing. This is a serious matter, a very, very serious matter, and I promised Lisa that I would raise this issue in this House. They went to the constituency office, guess what? In a number of cases he is not there, or the person who is at the

office is bulldozing persons away —bulldozing persons away.

Hon. Imbert: How do you know that?

Sen. W. Munro: Madam President, I am being distracted. I need your protection.

8.15 p.m.

Madam President, the 12.5 per cent VAT will lead to unemployment in Trinidad and Tobago. The 12.5 per cent in VAT will lead to decreased sales and reduce consumption choices in this country. Madam President, the Republic of Trinidad and Tobago has a national environmental fund known as the Green Fund. The Green Fund seeks to—*[Interruption]*

Madam President: Sen. Munro, your time is up. *[Desk thumping]*

Sen. Munro: Okay. Thank you.

Madam President: Before I call on the next speaker, may I just advise all Senators that dinner is being served. Sen. Richards. *[Desk thumping]*

Sen. Paul Richards: Thank you, Madam President, for the opportunity to contribute to this Finance Bill, 2016 which provides for the variation of certain duties and taxes and to introduce provisions of a fiscal nature and for related matters.

I am going to err on the side of caution and be conservative since the clarion bells have clearly been rung of austere times in Trinidad and Tobago and around the world for that matter. And as the old saying goes, “time is money” and it seems money is in short supply which means that time is also even more valuable. I will also take a more process of enquiry as opposed to proffering theories and ideas in my short contribution.

First of all it has been really quite clear in terms of the articulations of the hon. Prime Minister, Dr. Rowley and the Minister of Finance, amongst others, and also in the last seven or eight or so years that we are in austere times and if the present

Carnival season is not a clear indication of that in terms of the fetes and the attendance at the fetes and some of the business communities utterances, I think people have missed the point. And the reduced attendance at fetes, which I do not think is necessarily a bad thing, because sometimes we get carried away in Trinidad and Tobago and think we have to attend everything and it means that we are really not heeding the call for leading more conservative lifestyles and eliciting behaviour changes that are necessary in these times. And I think this is a good sign that the population is waking up to the reality and maturing.

We have heard quite a lot about oil prices and the trajectory of oil prices, and one of my first questions in light of the deficit budgeting is: what are we doing as a country? Is it that we are expending expenditure to keep our heads above water or do we have a different kind of plan to move us to a more sustainable position in years to come? Because it seems in the last 10 or so years many of the budgets have been crafted merely to keep us treading water as opposed to us learning from our mistakes of the past and putting systems in place to be more sustainable and not to have encountered these kinds of situations although it is not unique to us in Trinidad and Tobago, but a global phenomenon.

The issue of diversification is clearly something we have been hearing for 25, 30 years in Trinidad and Tobago. And honestly, myself as a citizen, I am no closer to getting a clear idea of what that really means for us in Trinidad and Tobago. We have heard about pillars of diversification. We have heard about low-hanging fruit. We have heard about exploring tourism, agribusiness, ICT, financial services, but for the wider population, what does it really mean? You know, are we getting the message through, administration after administration to the wider population, what this diversification is supposed to mean on a practical sense? For every citizen to understand what it means for them to either participate now or start preparing

themselves to participate in whatever this idea of a diversified economy is. And I am really in media, in other aspects of my life, I am yet to figure out what this diversified economy is supposed to represent. And this is being extremely apolitical here because I have heard it for like five, six different administrations and I am no closer to getting an understanding myself of what it is supposed to mean, how it is to be applied and how it is supposed to be applied in terms of us being able to sustain ourselves into the future and for generations to come. I think that is one of the questions that I really want answered by the present Government. I think we have heard some utterances.

I was heartened to hear Minister Rambharat speak about some of the issues that he has encountered in the Ministry of Agriculture, Land and Fisheries and some of the areas that are being focused upon. But I am yet to also hear—probably we are very good at planning in Trinidad and Tobago. We are very good at espousing the plans. We have seen it for five, 10 years, 15 years, but we are very poor at implementation. We are very poor at sometimes monitoring. We know the issues in the CSO and real time information in several different sectors which contribute to us not being able to monitor our progress and implement properly. But we really have to overcome those hurdles if are to really get to the point of serious diversification.

One of the issues that Minister Rambharat brought about is the issue of the poultry—and I will call it poultry dumping which I think is the phrase because for the last 10 years or so in doing interviews in the media, many members of the poultry industry and actually quite frankly much wider, the livestock industry, have complained about these practices in Trinidad and Tobago which has all but crippled the industry, and also quite frankly put citizens at risk. Because in many cases these are items that are past their shelf life in US and other jurisdictions and

are being dumped in what are called developing or Third World countries, and we are paying for them and people are importing them and they are competing in a free market system with our poultry producers and destroying the industry. And I think those sorts of situations need to be addressed urgently in Trinidad and Tobago, because it is not only the poultry industry. It is all kinds of stuff that we are importing, adding to a huge almost \$5 billion food import bill over many years in Trinidad and Tobago, and that sort of situation, even in a free market system, must be addressed.

The other issue that I want to raise is the issue of small business development in Trinidad and Tobago. I know that there have been several utterances by the Minister of Labour and Small Enterprise Development about the development of small businesses in Trinidad and Tobago. Over many years several Ministers of Labour have spoken about it, but if you look at any of the economies that are thriving in the world, small and medium size businesses are at the centre of those economies thriving, and are at the centre of any diversified economy.

We are spending billions of dollars in GATE—education and training in Trinidad and Tobago. We are turning out MBA graduates by the thousands and most people who access GATE, go to school in Trinidad and Tobago at the secondary or tertiary level, if you ask 10 or 100 of the students who graduate at the tertiary level institutions: what are you studying for? What?—to get a job in the private or public sector? Eight out of 10 or nine out of the 10 will tell you, to get a job. Although they are accessing GATE and getting MBAs and doing business degrees, the minority are interested in opening a business. Because I do not get a sense that people feel that the environment is a facilitating environment. I do not get a sense that people feel that they will be guided through—even though you have an MBA or a business degree, that does not mean that you know how to run a business. It

means you have been trained in business, but the practical, on the ground aspects of running a business is something that we need to put something in place to teach people and to hold their hands and to guide them when they fall. Because all the statistics around the world will tell you that if you open 100 businesses, 85 of them will more than likely fail. But it is not in the failure we should be focusing. It is in how we are moving past that failure.

We like to quote Steve Jobs and Apple. And if you look at Steve Jobs' biography, you look at the movie, you will realize that he failed umpteen times, but Silicon Valley and the US system have angel investors. They have several types of systems that could support businesses if you fail, and they have options to continue through, and we do not seem to have those in abundance in Trinidad and Tobago. And I think that needs to be a point of great focus. The issue of small and medium-sized businesses especially in the context of diversification because that is where I think we can make huge gains in a short term.

I know we have agencies like NEDCO, and small business development companies in the past but they do not seem to have had the level of positive impact that we were looking for, once again partly due to the fact that we do not have real time information, we do not have monitoring and evaluation systems, we do not have the whole assessment system that can really, in a real sense, give people the information they need to know. Am I going in the right way, am I going the wrong way, and how can I improve my business output in any particular sector in Trinidad and Tobago?

8.30 p.m.

There needs to be the introduction or the establishment of a real spirit of entrepreneurship in Trinidad and Tobago, and it must feel to the average citizen, like I could open a business, and I would have the support I need to open a

business, and it will not be a business in an area that has a glut, but it would be in an innovative area where people can actually utilize their skills and make a significant impact on the economy of Trinidad and Tobago.

One of the issues that was specifically related to why we are here tonight is the issue of the value added tax and the introduction of the new value added tax regime and the zero-rated items. And just a question to the hon. Minister of Finance, is that, are there mechanisms in place to deal with or monitor the implementation of this? Because, in the past there have been several changes to the VAT regime in Trinidad and Tobago, and they have not all gone smoothly. In some cases we have seen unscrupulous businessmen take advantage of the general public, and to me the intention primarily of this reengineering of it as it were is one, to generate revenue; and two, to provide some sort of respite for those more vulnerable in society. And very often with the introduction or the reengineering of the VAT regime in Trinidad and Tobago, and the changing of the zero-rated item listing, we have seen chaos at the supermarkets; we have seen hoarding; we have seen the general public, the population who should be benefiting from this, being exploited by unscrupulous businessmen, and there does not seem to be a mechanism in place to monitor the effective transition from one incarnation of the VAT regime to another.

Also relatedly, in terms of—and this question probably can go to the hon. Minister of Trade and Industry—is the issue of and I know it is a free-market system, but the price monitoring in Trinidad and Tobago. Once again, very often—and yes it is a free market system, and people have choices, and they can go to a supermarket or a store that seems to be selling cheaper. But, for some reason I get a sense that there may be collusion, because, while items according to the engineered or the reengineered listing, should redound to the benefit in terms of lower prices, that

hardly ever happens, and there seems to be a base level when the price should be pushed down. When there is a glut of tomatoes on the market, prices should—simple economics, I am no economist, but more supply, lower price, and that does not happen. So, for some reason there seems to be or there needs to be—I know there was a price council at one point in Trinidad and Tobago, which did not have much teeth. But more as a monitoring agency, but I think consideration should be given to some sort of mechanism or entity so that prices can be monitored and a consistent listing of, maybe, supermarkets or stores that are not conforming or are exploiting situations can be posted on a name-and-shame campaign, or something that really needs to be done.

The issue of social sector transfers is also of great concern, while we make these attempts to make these major changes, and what are we doing to move many of the employees of the make-work programmes to more independent livelihoods? Because, this is also a huge drain on the economy of Trinidad and Tobago for many, many years. And, many of these individuals do not get the chance to grow, do not sometimes want to grow. Because if I can work for three hours and—

Hon. Senator: Three hours?

Sen. P. Richards: *[Laughs]* Okay, well, I think in some places it is supposed to be three hours. If I can work for one hour, let me put it that way, and get a recurring job, well, why would I go to a private sector company where I have to work for eight hours diligently. Why would I aspire to something different? And we need to find ways of moving people, transitioning them from those programmes which, as I understand, they were never intended to be permanent jobs anyway. They were to be social safety-net jobs that would ease the burden on the most vulnerable in society and help to train them in different areas to move them to more independent lifestyles.

We also need to take a serious look at the issue of the cost and effect of crime on the economy, and invariably in the last—I take a cursory look at budgets in the last 15 years or so in Trinidad and Tobago and there are two sectors that get the most allocation generally; they are national security and education, which, interestingly enough in many theorist ideas are two sides of continuum, and this is not to say that educated people do not commit crimes. Although we do not have a great track record of prosecuting white-collar crime in Trinidad and Tobago. But, it seems that we have accepted that we are going to be paying or investing \$10 billion in the criminal justice system or national security infinitum. It seems that we have accepted as a country that that is just how it is and that is the investment.

And when you think of \$10 billion, look at the percentage of the economy that is. Are we looking objectively, empirically at what is causing this deviant behaviour? We seem to be in some areas grooming criminal, some as early as primary schools. When you look at the research in the criminological publications. We seem to be looking at the end and not the beginning, and not ways where we can find out, as has been done successfully in some other jurisdictions, as to what the genesis of the crime is. I mean it is not really neuroscience or neurosurgery. We all know what the components of criminal behaviour are, but, how we can more effectively deal with it to try to reduce the spending on national security? Yes, there is a transnational element involved in that. Yes, it has to be a regional approach. But, what are we doing in terms of our own citizens, and empowering them to make better choices, or empowering those dysfunctional family situations, or finding out what the behavioural issues are of students who may not be remediated in the nation's education system, who are falling through the cracks, who are more vulnerable to the criminal elements in Trinidad and Tobago.

While we are in austere times, I think this is a great opportunity to focus on those

issues, to deal with those social issues that are impacting the economy and the budget in Trinidad and Tobago, the expenditure. Because, it does not have to be. We do not really have to accept, if we just have a paradigm shift mentally, that we have to spend for the next 20 years \$10 billion annually on national security. If we put the system in place, and it may be radical thinking in some quarters, but we really do not have to accept that because there are jurisdictions that have proven very successful—New York, which, I mean, is the classic story of a place where nobody ever thought crime could be reduced. And look at the results the New York jurisdiction has had. Yes, it is a different kind of scenario, and how they have been able to reassign revenue to social intervention as opposed to punitive and the criminal justice system and crime fighting.

I also want to ask questions in the context about the education system, again, and how and if it is preparing citizens of Trinidad and Tobago for the kind of economy that can sustain us moving forward. While we spend billions of dollars in GATE while we boast about having achieved millennium development goals in early childhood care education, and in primary education and secondary education, tertiary education, what kind of citizens are we producing? Not only in terms of training and skills set, but in terms of character, and are these citizens being prepared for this diversified economy, the sustainable economy in the future? And, sometimes you do not get a sense of that.

We have a serious problem of a brain-drain in Trinidad and Tobago that is not being stymied. We are training individuals and other countries are benefiting, which is not necessarily a bad thing if the citizens were coming back to the country, but not necessarily so. And we really have to take a great objective analysis of our spend in education, particularly at the tertiary level, and see whether it is actually being manifested in the growth in particular sectors, if we are

training people in business, if we are training people in health services, if we are training people in education. How empirically is it contributing to the economy growing the way we want it to grow? The way we think it can grow in a sustainable manner, and I think that needs to be something we need to look at very intently given the significant investment in education, which is commendable. It is not that I am against it, but it must primarily be for the benefit of Trinidad and Tobago, and to me the Caribbean, as opposed to the developed countries which is where most of the brain-drains are fleeing to and benefiting from our hard-earned tax money and our investment in education.

The last significant area I want to look at, or provide, or proffer some questions about, is the area of the elderly in Trinidad and Tobago, and several aspects of this Bill that are quite commendable, and I commend the Minister of Finance for this. This is the issue of the waiver of fees, of passports, et cetera. That is commendable, but how much more can we go to provide for the elderly in Trinidad and Tobago? My colleague on the Independent Bench, Sen. Creese, was reliably informing me that there is a ratio of one to four working persons to retired persons in Trinidad and Tobago. All around the world the First World countries are looking at this phenomenon, this demographic of the elderly, which is becoming the largest demographic in many areas. And, if we do not pay significant attention to this in Trinidad and Tobago now, we are going to have a serious problem coming up in 10 to 15 years. We have to sit down and realize that in many instances the 60/65 year retirement age does not mean that that person cannot continue to contribute productively to the economy of Trinidad and Tobago. [*Desk thumping*]

And provisions must be put in place for those persons who want to continue to contribute productively. It is better for their health mentally and physically and it is better for the society as a whole, because we are getting to the point where we have

a huge cadre of people who can, but are not contributing to society, and that can be a problem. While we are doing that, and we are looking at the elderly in a holistic way, we also have to look at regulation of elderly homes in Trinidad and Tobago. Because, we have a significant problem with elderly abuse in this country, where parents, grandparents, aunts, uncles, and “nennens” as we call them, are being dumped in homes that are not regulated, that are barely adequate for human habitation, that are not taking care of these elderly people that are neglecting them and abusing them.

We have a problem in Trinidad and Tobago, and I have heard several law enforcement officers complain about cases where some people are actually starving their parents to death so they could get land and insurance and stuff, and it is not being monitored. It is not being highlighted, because, of course, this is what we described in sociology I as a disenfranchised demographic. In Eastern cultures the elderly are revered and kept productive, and used to educate the younger ones and mentor them, and kept productive. In Western cultures they have discarded them. We have, unfortunately erred on the side of the Western culture, I guess because of our proximity.

But, we really have to take a look at the regulation and supervision of elderly homes in Trinidad and Tobago. Because of the number of retirees and elderly people we have, this is a serious problem if we are looking at taking care of them, and dealing with them in a fair and humane manner, because they have contributed to this country. It is their shoulders that we stand on today in terms of where we have come as a country, and, if I am not mistaken, besides the younger ones amongst us, many of us would not be too long in those seats, in those positions. And I think we want to be treated in a humane and a dignified manner, and the society that we gave so much to, we want the society to take care of us, and that is

not happening in Trinidad and Tobago today.

So, in closing, I just want us to think, you know—I want to reiterate what Sen. Ramkissoon said earlier on, that very often, you know, people ask me, how has your experience in the Senate been so far? I said sometimes it is productive, it is educational, but it is frustrating. It is frustrating because you were asked to serve and you sacrifice and you serve. But, I get the sense, I think and she put this so eloquently, that it is a chess game. And I am not naive to the Westminster system and the combative nature of Government and Opposition, but there is so much that we can work together more productively on as opposed to just constantly Government proffers, Opposition opposes.

And, you know, we can get so much further as a country if we just put the people first. We are here to put the people first, and I do not always get that impression. In the other place or here to me which is even more critical in that process. And I am really hoping that in this parliamentary session we can end it with a different kind for engagement for the benefit of the people of Trinidad and Tobago.

Madam President, I thank you. [*Desk thumping*]

Sen. Stephen Creese: [*Desk thumping*] Thank you, Madam President. By way of introduction I wanted to draw to the attention of this House Slinger Francisco aka Sparrow, aka Dr. Bird, his iconic calypso on PAYE, in which he makes the case for and against the implementation of the country's first nationalistic taxation system. At the end of the calypso, of course, he concedes the necessity for taxation, but along the way he talks about his father sharpening the axe.

In a sense it is time for us to concede to the imperatives of land and building taxes. And I start off by the referral to that, because the issue before us is a question of balancing the economy in terms of revenue and expenditure. That is the bottom line in all of this. And, I get the impression that we are dancing around the land and

building taxes issue, and that we have been doing that a while now. I say this because in the mid-1990s, mid to late 1990s, I was then Chief Executive Officer at the Mayaro/Rio Claro Regional Corporation, and at that time the then Government was about to implement that section of the Municipal Corporations Act, No. 21 of 1990, which spoke to, particularly the former county councils, now regional corporations, taking over the building tax role from the revenue office. The case of the cities and boroughs, they traditionally had that role, but the county councils, that land tax function, that building tax function had been carried out by the revenue office, extension of Inland Revenue out into the countryside.

And I remember at that time there was a retired valuation officer from the assessment division who had been assisting us in transferring the roles from the revenue office to the corporations, and I was—you know, he got a sense that I was complaining about all that we had to do, and that we were carrying out this exercise and they had not given us any significant additional resources to do it. And he said to me, listen, do not be too worried about that. He said I have spent some 40 years in the public service, and all of those 40 years in the valuation division, and this is about the third or the fourth time that the central government is talking about, you know, tightening up on the building taxes system, and to this date they have never done anything by way of increasing the taxes. Because whenever this issue comes up, as professional valuation officers we advise them that our valuation system, our basic taxation system for land and building taxes is outdated, and you need to review it and get with the new packages coming out of the metropole.

8.45 p.m.

And he said that usually they are gung-ho about it because we indicate to them that we have increased the revenue, you know, three and four fold. And then the debate

starts about, well what will be the new basis for the taxation? Once they get to that point the thing starts to back-pedal, the gear goes from, you know, right after park is really reverse before you get into drive. So it gets to reverse and it is backpedalling down the road. He said, “doh worry, this eh going ah place”. The year was somewhere between 1995, 1996, 1997, because I left Rio Claro in 1998, and I went to other corporations and none of them became collectors of revenue.

I am saying this by way of introduction, by way of link to the question of, if you have to balance your budget if it is \$60 million you used to be at and you need to get down to \$40 million because your revenue stream is \$40million, it is either you increase your taxes or you reduce the expenditure or some combination of the two.

[*Desk thumping*] And for every year that you defer that decision, that you transgress on that issue, is more punishment for our children and our grandchildren, bottom line. So the link between all of that, apart from the fact that no such taxation system has been implemented, we have come full circle.

The link between all of that, and this Bill before us really is the question not only of—and I have heard several speakers mention about the vulnerable, is that who will be the most vulnerable in all of this. Is it the children yet unborn, or is it among some of us ourselves who are here today? Because there is no such thing in Trinidad and Tobago as a level playing field. And that is what, in fact, we need. We need a level playing field so that all of us—if the National Anthem is to make sense, every creed and race having an equal place, if the Equal Opportunity Commission is to make sense, then in all of this there must be provision for some kind of soft landing while recognizing that it is essentially tough times. There has to be some adjustment arrangement.

In looking at the PNM Manifesto which is now official, and as a former public servant I understand that the winning party's manifesto is, in fact, the new policy

prescription. So in looking at the manifesto I found that the tone of it seems to suggest that, so I would have expected, and I have picked up word about it, that Cabinet would have called upon the 23 Ministries to develop work programmes consistent with that manifesto. And I am prepared to give way to the Minister with responsibility for Rural Development and Local Government, if you can indicate to us whether such work programmes have been submitted, particularly, for the Ministry with which he has responsibility.

Sen. Khan: The answer is in the affirmative.

Sen. S. Creese: Thank you. Senator and Minister, because I would expect in that work programme, there would have been the need to resolve some serious contradictions. Because when I left that Ministry the issue of the development of the PAFD, the Planning and Facilitation of Development Bill, was on the horizon. And, therefore, given what is in the manifesto and given where PAFD was going there were some conflicts to be resolved. Because basically—and that Planning and Facilitation of Development Bill became an Act on October 1, 2014 and was partially proclaimed. And I always have a little fear or concern with partial law, conditional proclamations, because—what it is, section what?

Hon. Senator: Section 34.

Sen. S. Creese: Section 34 was one such partial proclamation and I do not have to lecture anybody here and all the confusion that involved. I think at the time they were awaiting the creation of the National Planning Authority and the 14 local planning authorities, which is the municipal corporations in their planning authority capacity, for full proclamation and implementation, and I think previous speakers said that, yes, we have great plans but implementation is always the problem in Trinidad and Tobago.

But the conflict that was inherent in what I saw in the manifesto and where I

know things had reached in the Legislature with regard to the planning and new approach to planning, inherent in that Bill was that the Bill saw the municipal authorities as the centre of speedier operations, speedier developments and so on. The critical institutions involved, of course, was the central planning authority, the municipal planning authority and, of course, the Bureau of Standards, and the roles allocated to these three institutions were as follows: The National Planning Authority, of course, will deal with complex applications, good. The municipal planning authority will deal with simple applications and would be involved, of course, in inspections, and the Bureau of Standards, their role had to do particularly with the Electrical Inspectorate and the Building Inspectorate because they will set the standards, they will monitor the international standards and so on, and develop and promote regulatory standards to ensure safety and security in the environment generally.

So that the question is, which direction is the current Government going and its implications for the vulnerable? This is where I am going with all of this by the way, the implications for the vulnerable. And that has been a word used throughout the night, because the issues that come up for the vulnerable are issues of accessibility, issues of equality of opportunity, issues of justice and fairness. All of these issues arise by accessibility, and of course we are talking about access to public buildings, public spaces for the physically challenged. Because basically there are two realms in which the planning authorities and so on function. There is the public realm which is more or less the state sector and, of course, the private realm is the private sector and their developments. But you see the State as the largest owner, developer of buildings of real estate, of industrial estates, the State in that capacity literally sets the standard, both de facto and de jure. They set the standard in terms of what they do, others follow or do not follow, and the State has

not really been a good exemplar, right, in terms of obeying its own laws. [*Desk thumping*]

And I say this with no apologies because I had a particular experience as CEO at San Juan/Laventille Corporation, when right across the savannah, and it occurred in both regimes, eh, because that pavilion you see on the Aranguez Savannah as far as I know when it was built it was contrary to the laws of Trinidad and Tobago. But it also was not built by the San Juan/Laventille Corporation who has jurisdiction over the savannah. It was built by a corporation somewhere in Chaguanas or somewhere down there. That is another story, but it just goes to show the State as exemplar. This is the wild, Wild West.

But the other development right in the environs of that same savannah was the Aranguez Villas. The Aranguez Villas was going up, rising off the ground and the building inspector at San Juan/Laventille was continuously, every six months, on the ball will issue them the notice because there was no application for approval before the council, good. And right under the nose of the council, as you stepped out of the office, if you stood up in the chairman's park or the CEO's park in the car park you are staring at the villas rising there. But we did our part since we could not get the council to take the matter to court as provided for in the Act. The most a public servant could have done was to keep on serving that notice to keep the matter legally current every six months.

So that whenever a council came along I will be prepared to go to the next step, we had the paperwork in place. So that is as far as it reached until, of course, they were getting ready to hand over the keys because that was a mortgage arrangement, people had to find their own financing, because this was HDC at work. People had to find their own financing and a young lawyer came to me, who had obviously applied and was getting through and, you know, she had a little

problem because they were not giving out the documents that the bank was asking for. And one of the documents the bank was asking for was a completion certificate. And the authority for completion certificates is the regional corporation. And that and God's face they were not going to see because a certain fella was the CEO there, and he was the CEO there. Of course there were attempts to move him but that is another story. We get to that at another time over other drinks than that.

Well the thing is at that point it all came to a head because we were heading towards the end of the financial year. So somebody called the CEO to find out, well what could be done. So they said well the first thing, you have to have planning approval. So you have to submit your plan for approval. And if we approve it, then we would inspect it and you would build it and then if you build in conformity with the plan then you will get your completion certificate which then you could take to the bank and the bank would enter into the mortgage arrangements.

So they did what they had to do, which was they had to go to the then Cabinet, tell the Cabinet the whole long story because they needed the money, because in the meantime the CEO made sure, because when he got to San Juan/Laventille they did not have any fees for planning approval. They did not have fees for nearly about anything. They only had two fees at the time. So if you look on their files you would see a photocopy of the fees that were at Diego Martin who had fees for everything under the sun, took it to the council, they approved everything Diego Martin had and we had fees. So there was a fee structure now where they had to pay for the application and for the completion certificate and they had no money so they had to go to Cabinet to get money because we were now in the last month of the financial year. If you want to get action wait till that last month in the year and believe you me you would see the speed in which

Cabinet Notes could be written. Decisions could be taken and things implemented in the space of 2½ weeks, all of that was resolved.

I say that to make the point that the State could set the example. The State could be the exemplar in the construction industry, in any industry in which it participates but it has to have the political will and it has to understand its role and the dangers of abusing its role. So, eventually that matter was resolved and the people got their homes and so on. But the State has to set the standard.

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

But to return to the issue of the vulnerable, to return to the issue of the physically challenged, the critical things that are to come out of this, from the planning authorities, is the question, for instance, simple little things, like parking spots for the disabled. And the notion that these parking spots should be close to points of access or egress, because you do not want these people shuffling and stumbling around a huge car park at a mall or government building or what have you. So that there should be provision in whatever building codes you have for things as simple as that but critical to the people who need it.

Specification for toilets catering for people with particular disabilities. The whole question of subsurface infrastructure that has implications of how people move about a compound or any facility. Again simple things like colour coded exit signs, access and egress signs for those people who have colour challenges.

9.00 p.m.

You see, we seem to think of the disabled as people on crutches and wheelchairs or blind, deaf, dumb, a mute and that sort of thing, but there are all kinds of disabilities. Good? And therefore there is a science connected to it, and there is a big, fat booklet with all the things that you need to do in terms of your building codes to cater for the range of disabilities that exist, so colour coding for those

people who have colour challenges in distinguishing between yellows and blues and greens. And if you think that is a problem you should go to any of these little elementary schools and see the problems teachers go through in getting little children to distinguish between certain colours, and then you begin to realize that if they slip through the net, what happens to grownups or people whose visual impairment involves discerning between different colours?

I myself was grown before I found out—because I did not do much biology in school—that animals see in black and white. So all of us, they see us like a TV, you know, so they cannot practise racism at all, [*Laughter*] because we are all in black and white to them.

So you have things like streetlights with alarm systems for those who cannot see but they could hear and they know, okay, it is time to walk, it is time not to walk; time not to cross. And then you come to the question of the retrofitting of public buildings and spaces, especially schools. Because you ever think about what happens to the disabled who are bright and pass their SEA or what have you, and enter the secondary school system? Or should enter, but end up having to go to some special school? And the question is: Is that not a form of segregation, when we put people with disabilities in institutions with people with like—and sometimes you do not have enough of that around, so they just group together as “School for the Disabled”—Right?—and whether that is fair; whether that is equality of opportunity; whether that is just.

So there is a debate which we need to have about the segregation of the disabled that we are just not having. So the question of the facilitation of the integration of the disabled is one which we are yet to address, and I see nothing in the budget or in this money Bill that speaks to this, and particularly at the schools from Forms 1 to 5. That is where they go, right? So what happens? Let us say a student in a

wheelchair, will Forms 1 to 5 be all on the ground floor? Because if it is not, “what is going on? So whole day long ah ha tuh wait by de step and beg somebody?”

I agonize for Sen. Roach. Our Parliament, the highest court of the land, is it on the ball in terms of these codes that I am speaking of? Will that handicapped person always find a relevant classroom: the science lab, the—whatever lab, the computer lab, on the ground floor? What happens during the day, different classes, different rooms?

What about the water taxi? Is the water taxi handicapped friendly? That is the major and most efficient commuter system between north and south, between our two largest towns, if we exclude Chaguanas for the time being. Or you ever thought about boarding Caribbean Airlines from Tobago coming to Port of Spain, to Piarco? They have wheelchairs but no ramps to those Caribbean Airlines planes. So does that constitute equal opportunity, equal access? Is that fairness? Is that just? Where we have wheelchairs, we have no ramps, and where we have ramps, we have no wheelchairs. One day we will probably get it right. And the people who go through all of this, it reminds me of the Bob Marley song: “Time will tell. Dreaming of heaven and living in hell.”

But if we are talking about the disadvantaged, if you are talking about the vulnerable, perhaps one of the fastest-growing groups—and Sen. Richards referred to it—you see, we need to have some gerontology studies because I am making these comments against the backdrop of actual projections that are saying that by 2020 we will hit four to one, retirees to working persons. And there are reasons for that. You see, we are an ageing society and that is a result of our successes at some things. We were successful at the elimination of chronic disease, so there are lots more older people around. The absence of wars, we have not been in wars with Venezuela, and the last time Trinidadians fought in any kind of proxy war would

have been Vietnam. Before that was the Korean War, then World War II and World War I that eliminated some of us. But Vietnam was '69/'70, around there—'68/'69. So that is a long time ago, and that was not that many of us.

So lots of us are around today. And then the drying up of migratory outlets. It has not been that easy to get to the States, and I think Sen. Richards was talking about the brain drain. So it is really “long time” a lot of labourers and so on, and masons and carpenters got easy flight. It has been like the sports people getting scholarships to the sporting universities—soccer scholarships, athletic scholarships and, of course, the SAT scholarships and so on. But the mass migration of the 60s and 70s, that has virtually dried up. So a lot of us have to remain here, and then the boom and bust economy—the boom sector—kept a lot of us here.

So that the fastest-growing handicapped and/or disabled, and/or disadvantaged and/or vulnerable group is, in fact, now the elderly. I say that because I have a concern as to the removal of the elderly from whatever taxation arrangements, whatever conciliatory provisions that we may want to make for the elderly, you know, in following the Panama model, that this could very well backfire inside of this five-year term if the projections about the growth, or the growing numbers of elderly people—myself included; I will be 62 next month. So we have to be careful, eh. If this is your largest group and you are pulling taxes away from them, then who would be paying taxes? If this is your most experienced group and you are not encouraging them to participate in the system, and you are using the young ones who are getting the SAT scholarships and not returning—that is how my eldest son left this country, never to come back—you have to understand what it is you are really doing. Good? Because within the life of this regime, the question as to how well we have provided for the elderly, through all the systems we have, will come to be tested. And a word of caution. Trinidadians and Tobagonians have

developed a very bad habit of late. This condition was observed since around '86. With increasing frequency we are getting one-term Governments, this bad habit of voting them in and voting them out. So that if we make promises, if we embark on courses of action that are not realistic, that are not sustainable, 2020 will be a year in which some of us will demit office.

Hon. Senator: The bad habits will stop.

Sen. S. Crease: Hopefully. But in reviewing what is there for the elderly, what is proposed within this Bill for the elderly, I stumbled on something that made me think, and that is NIS, NIB, NIPDEC. A friend of mine contends that that was probably the biggest fraud on the population, the National Insurance Scheme. He says it is the original Ponzi scheme. I tend to disagree. I do not think it was so carefully crafted, but the thing about it—and I think, perhaps some kind of examination, even a commission of enquiry will be necessary to see exactly what was done with the millions of dollars. Because NIS was around since 1972. I left school in 1972, so “ah sure bout dat”. Because one of the first things I got was an NIS number, even before I got the income tax number.

So 1972 NIS was out. I left high school in 1972 and I have been on the NIS scene since then. And somebody asked me, “Well, you getting your NIS pension, your little \$3,000?” I say, “Yes, ah getting it”. They say, “But you know, if you go down and query it with them you could get more than \$3,000”. I say, “But how”? They say, “Listen, dey does pay yuh dat sum because dey could clear dat, but yuh entitled to more dan dat if you have been paying and been in the highest bracket ever since”. Well, I have been in the highest bracket ever since because I was working in the oil industry in 1975 and in 1978 I left there to, you know, high and higher levels appear and so on, and the old days started off with the \$245 and climbed up higher. So I am supposed to be whatever the highest bracket was for

“donkey years”, and it is \$3,000 that is going. So they say, “Go in and argue with them. When yuh go in and argue with them dey does pay yuh more.”

Now, “ah mean, if dat eh ah Ponzi scheme, you tell me what isn’t”. [*Interruption*] Exactly. So the chickens are really coming home to roost. And the thing is, when you look at what NIPDEC has been up to, buying up all these properties around Port of Spain, preventing free enterprise in that real estate market and for years these plots they bought up were just there empty around the town, and Port of Spain really has not changed much with their intervention. And then at the end of all of that, to hear them saying, “Well, yuh know, we cah pay all yuh much money, and we have to up the thing.” And then you will say, “But wait a minute, after all these years, all that money, this is the story that NIS, NIB, NIPDEC, have to tell us?”

Something is radically wrong there. And at the end of it, the seniors will pay. But worse than that, if they have not reinvested and used the moneys they collected over the years, well, then they are going to have to up the contributions now, and if the 2020 prediction of four to one of retirees to employed, the implication is that the retirees would have paid when they were employed and the currently employed, outnumbered by the retirees, will have to pay for the retirees either in their contributions to NIS or as your uncle, aunt, father, grandfather, whoever, keeping them alive, or putting them in one of them institutions. In which case, the State would eventually have to intervene and we are back to balancing a budget again, finding money to do that. We need to get it right this time. We need to understand that all those chickens that we allowed to roam, really, are coming home now and we have to take care of them.

So, I have been looking for the past half an hour or so at all the vulnerable groups, and I am almost tempted to say: “And the award for the most vulnerable group

goes to: is it the blind? Is it the deaf, the dumb, the paraplegic, the children, the ageable, the illegal immigrant from Grenada, St. Vincent, Guyana? Because all of these are the vulnerable groups, you know, and if we are saying that we ourselves who will be paying the NIS and paying the taxes could end up bordering on the destitute, what about these particular groups?

I think at the end of the day what we are beginning to see is that all of us are vulnerable, because all it would take is one illness gone wrong, not managed right, and what appears to be sizeable resources and/or savings, which you are only getting less than 1 per cent for in the bank—so I put in a plug for the credit unions here—but, do the provisions of this Bill address any of the above?

And if the answer is no, then all I could say is, let the consultations begin because if we are to found a society—and it is my contention that we are yet to found one.

9.15 p.m.

This is a civilization thrown together by the vagaries of World Trade at the 14th, 15th and 16th Centuries that sugar kick-started industrial revolution that left sugar behind and the people who were connected to sugar even further behind, and we are the people on that island left further behind who played a mas with oil and then have a mas with steel. What is the next mas we are going to play before we come to our senses and realize that we are really into a monoculture for the longest while? And the last monoculture of oil we did not even go all the way downstream because all the plastics you see in those rivers in the Beetham as they backup, headed towards the sea all of them are imported plastic resin. Right? But yet, we are the manufactures of oil for how long now and we are importing the resin.

Mr. Vice-President: Senator, you have five more minutes speaking time.

Sen. S. Creese: Thank you. So in a sense we did not go anywhere with the oil, you know, we did not go downstream. The industry was not really integrated too much

of what else was going on in the country, and we come, we play the same mas with steel and we did not really go downstream with that either. The thing is, if you describe it as an energy economy, you fool yourself into thinking that you had some kind of an industry. But if you describe it as a commodity industry, that is largely a single commodity industry, then you begin to see that you really did not reach anywhere, you did not do much between oil and/or steel, or even methanol? Because you are in and out of the methanol thing as—I think it was Michael Manley who said “like a dose of salts” through this economy.

We need to begin the consultations to decide on what kind of industrial, agricultural response; how we ought to marshal our resources; what we are going to do with our people; what social safety net systems we have to maintain otherwise the country will explode; and how we are to integrate all of that. I keep arguing that if we recognize that CEPEP has to stay, then CEPEP has to be linked to productive enterprise, meaningful and productive enterprise. And if we are talking about scarce foreign reserves and you need, is either you export something or you stop importing something.

So I think the initiative with regard to food and discouraging the processed food from abroad is the way to start, but we need to start processing our own food and we need to make available labour to our farms, because the problem with farming in Trinidad—and I am saying this from personal experience over the last two years—I have to compete with URP and CEPEP and the oil industry down in Fyzabad for labour, and there is no way I could pay fellas the union rate of \$250 and \$275 a day. No way. It just cannot happen. So we need to have these consultations about what this country is going to become, because if are to found a society and a civilization it has to be based on a social contract in which all of us participated as equals and we arrived at some kind of consensus on the basis of

which we will form a part forward and would create a more level playing field unlike what we have had in the past.

So I wish to commend the Minister for the reduction of all those processed foods, all those with irrelevancies, that conspicuous pattern of consumption that has plagued us for centuries, but I also wish to say that if we do not sit and talk this thing will blow up in our face. We have a cycle. You could check it and see. Twenty to 25 years “we does do this violence thing”, and then turn around and say, but how this place get so violent as though violence is not inherent in a slave society, which is where we evolved. So please, let us sit and talk before we have to shout across the fence.

Thank you. [*Desk thumping*]

Mr. Vice-President: Minister of Trade and Industry.

The Minister of Trade and Industry (Sen. The Hon. Paula Gopee-Scoon):

Thank you very much, Mr. Vice-President, and really it is a privilege for me to contribute to this Finance debate, this Finance Bill of 2016, and let me from the outset congratulate the Minister of Finance and the Economy—[*Interruption*]

Sen. Khan: Not economy.

Sen. The Hon. P. Gopee-Scoon:—Minister of Finance for his stewardship over the economy over the last five months and quite an excellent job he has done.

In part, one of hot items that we are discussing is, of course, the new zero-rated list, those items removed and those items which have been retained. Therefore, I have to say it was quite laughable when you had comments from Sen. Munro still wondering what is for lunch and what is for breakfast. I think it has been quite clear. I think the Minister circulated both Bills online from Monday last. This thing has been well spoken of for the last week. He started off his debate today by, again, going through most of the items that have remained zero rated as well.

So I am a little bit disappointed in your comments, but if you are wondering what you are going to have for lunch on Sunday, I can tell you if you are going to have rice it is zero rated; if you are going to have macaroni pie, the macaroni, the cheese and the evaporated milk, all zero rated; if you are going to have callaloo, the callaloo bush—what else you are putting in it—the okra, the crab, all zero rated; if you are having fish and chicken, all zero rated; if you are having dry beans or you are going in the backyard to pick or whatever, your neighbour giving you something, all zero rated, Sen. Munro. So I do not know what is your concern.

This is a very, very affordable list of goods that have been left there, that all of the public can indeed partake in. And Senator, I am disappointed again in you for saying that you are tired of hearing about revenue, revenue, revenue, but this is exactly what it is about. This is the big-ticket item. This is a big concern now, revenues of the country which have dwindled and, of course, for which your Government paid little or no attention to in the last five years. There was absolutely no revenue reform at all, and no consideration of revenue alternatives considering that we are heavily dependent on energy for our revenues in this country still.

So, this Bill, it is one piece of legislation which is aimed at effecting the major fiscal and other measures of the 2015/2016 budget. Just but one piece, but it is part of the orderly progressional plan to restructure the Trinidad and Tobago economy. I just emphasized that it is just but one piece of the plan, so you could expect a lot more from us as we move into the six-month review and to the rest of the fiscal year. As I said, the Bill seeks to make amendments to several pieces of legislation: the immigration, the motor vehicles and road tax, the income tax, the corporation tax, value added tax, et cetera. So this, it is very, very—this is an important discussion here today.

I want to make the point again that it is very disappointing that this economy has remained in the way it has over the last five years. Very, very stagnant under the reckless management of the last Government as well, and no matter how you try to spin it, they have been largely responsible for the position we are in today and that is—save and except, of course, falling revenues as a result of serious drop in prices in energy and so on. But there are some things that just will not go away, some facts that will not go away and I feel compelled to refer to some of them, and I am speaking to our total central government expenditure which has increased from \$46.7 billion in fiscal 2010 to \$61.8 billion in fiscal 2016. You cannot get away from it.

I am speaking to the fact that despite the increase in government expenditure of \$15.1 billion over the period 2010—2015, government revenues grew at a far slower rate and, more importantly, the GDP of the country grew from \$91.7 billion in 2010 to only \$94 billion in 2015, an increase of only TT \$2.3 billion and that is poor performance. I make the point again, that there was constant decline in real output in the energy sector from \$36.8 billion in fiscal 2010 to \$38.8 billion in fiscal 2015, and oil production fell to an abysmal low below 80,000 barrels by the end of 2015 as well.

Energy exports were only \$7.5 billion in 2015, and that was a significant decline when one looks at the average over the period 2010—2014 of \$12.7 billion. Net public sector debt, again, increased from \$45.4 billion of 32.1 per cent of GDP to \$76.5 billion up now to 46.3 per cent of GDP in fiscal 2015. Trade balance of which I am particularly interested in, that was reduced by more than half from \$4.6 billion in 2014 to US \$1.7 billion in 2015 as well.

In 2015 again, because of the reduction in export receipts and continued private capital flows, there was an overall balance of payments deficit and a loss in official

foreign exchange, foreign reserves of US \$720 million, and that is the legacy that was left to us by the last PP administration. And, of course, the hon. Minister of Finance, he has also mentioned some of what they left behind as well in terms of the \$5 billion in loans to construct the Couva, the Point Fortin and the Arima hospitals; the \$5 billion in arrears for public servants; the billions of dollars more in liabilities to contractors and service providers. So it is estimated that the first set of borrowing which we will have to do under this new Government might be very well to meet the commitments which were incurred by the last administration, but we are responsible and we will meet the obligations which are necessary for us to meet.

Pretty much, the country knows where we are, the dire straits that we have been left in and, of course, I add to that the energy circumstances of the rest of the world which has clearly had an effect on us quite naturally. We are not in a good place, let us accept all of that, but the country at least, I know, understands where we are at and I think many of them are very appreciative of the task that is ahead for this Government. Everyone, of course, but the PP administration who is still asking us what are we going to do about it as if they do not understand the position that we are in, but I have answers for them today.

So, any economy like ours has not many options and this is why we have had to take the clear positions that we have had to take since coming into office, and pretty much we have seen many other commodity-based economies responding with basically the same kind of fiscal and monetary measures, and my colleague, Sen. Khan, spoke to the situations in Saudi Arabia, Norway and Russia as well. So, we are not alone in this crisis, and I think that we have been acting very, very responsibly and I think that is the view of public as well thus far.

So our Government, the Government of Trinidad and Tobago, has chosen to

respond to the crisis by cutting out waste and, of course, mismanagement. Of course, it has clearly been said that we are to achieve savings as well by reducing expenditure by 7 per cent, certainly by eliminating corruption as well; by spending more efficiently and more wisely and, of course, improving revenue collections and that is a prescription for returning our economy on a more positive path.

There are two things that are needed and that is a comprehensive economic framework to manage our public finances and I think there has been much discussion on that thus far in the debate and, of course, a more medium-term and long-term strategy to manage our resources and, therefore, I will zero in specifically on diversification.

Yes, that might have been looked at formerly as a long-term prescription or a medium-term prescription but quite frankly because of the circumstances which we found ourselves in, I think it is the number one item and the number one track that we have to find ourselves on if we are to get this economy completely turned around and the reliance on oil and gas lessened, if we are to find ourselves in a different place in another five years or so.

9.30 p.m.

So, for many years we have spoken about this diversification topic; many years, successive Governments, and it is disappointing and perhaps all of us must take responsibility for it as well, that we have not really weaned ourselves from the dependence on the energy sector. And therefore, we have not made the kind of serious efforts that we should have made to reduce the impact of the volatility associated with the energy supply and demand, but there are those countries that have done it. Those commodity-based economies like Malaysia, Thailand, Dubai, Chile and Indonesia and it is now an imperative that we really move on to diversify this economy at this time.

In a sense, successive PNM administrations have diversified and I think Sen. Khan spoke as well about the former Prime Minister George Chambers who is the one who perhaps instigated and caused to see the birth of the manufacturing sector and, of course, that manufacturing sector has since mushroomed. So, in a sense, there has been some diversification as we moved into the manufacturing sector. And of course, the development of Point Lisas can be looked at as some measure of diversification as there was a shift into the more downstream activities in the energy sector as well. But nonetheless, it remains energy-related and of course, all of these industries are affected and our revenues from these downstream industries have been affected as well.

But what the focus has to be on is the diversification to the non-energy sectors. The Government official policy framework has clearly identified and specified the non-energy areas for development. There is a very clear statement on these sectors that have been identified and these include tourism, agriculture and agro-processing, maritime services, fish and fish processing, the aviation services, the creative industries, financial services and ICT with emphasis on software design and applications. I can say to you that successive Ministries with responsibility for development of these industries have already begun the exercise of detailing their key policies and objectives and the actions required with some of it already ready for delivery.

So that what is needed clearly so that we can have quick implementation and quick realization of these diversification efforts is a more private sector approach, where the functions of strategic planning and project management, monitoring and evaluation, and implementation are all pivotal to the success in these sectors, and this is the way that we are going to go as we move into the various areas of diversification. So having had the sector identification, I want to speak to a few of

them now.

With respect to the maritime sector, for instance, for which the Ministry of Trade and Industry has line responsibility, the focus will be and is on, in fact, shipbuilding, ship repair, dry docking and yachting-related services, and the specific areas identified include the need for infrastructural assets including increased dry-dock facilities, synchrolifts, additional mariners in Tobago and in south Trinidad as well. Mr. Vice-President, these are all very valuable opportunities for investment and in terms of designing and building, technological and knowledge transfers as well. There are opportunities as well in engineering, welding and fabricating, electrical and sand-blasting services, and these are just a few of the opportunities, large and small, that are available within this particular maritime industry.

Let me speak a little bit about the kind of revenues that are being generated now in that particular industry and also where that industry can, in fact, go. It is that the commercial ship repair and dry-dock industry, for instance, is a very, very viable and lucrative industry and a successful industry thus far, insofar as it generates about \$200 million in revenue and directly employs, I am told, 300 persons, but my guess is that it is quite more than that but we would know for sure as we go about our research and so on. An average of 200 ship and dry-dock repairs are completed annually in this country and the average spend per customer—you would not believe it—is actually TT \$1 million and that is in the ship repair and dry-docking business, and annually, we tend to have about 600 enquiries but the local industry can only complete about 200 repairs annually.

So, in fact, we are losing business because we just do not have the kind of dry-docking facilities that are necessary to treat with the size of craft that requires repairs and dry-docking as well. So I think that most of the dry-docking facilities

can accommodate craft up to about 200 metres or so when, in fact, we would need to go to about 350 if we are to be able to treat with and repair all of the service vessels that are usually found around Trinidad and Tobago as they go about their normal responsibilities of moving to and from rigs and taking supplies on board rigs, and that kind of thing.

So that there is such great room for this industry to grow and there is certainly excess demand for dry-docking and repair services, and the potential to increase revenue in the local industry is—I mean, it is there, it is bright. I am talking about something like, maybe, an increase of about \$400 million annually. If we do what is right and we are serious about this industry, we can actually see from this, perhaps in another year or so, an increase in revenues of about \$400 million from this industry as well.

But again, in order to do so, the capacity in the industry will first have to be increased by upgrading the existing facilities and developing new facilities as well. The reason—and there is every evidence that we will do well in this industry, is because of our key strengths relative to the industry, and I am speaking to Trinidad and Tobago's geographic location, our climatic conditions, and of course, the pool of labour which are available and all of our natural resources as well.

There has been much talk and evidence of the expansion of the Panama Canal which is due for completion in 2016 in terms of the high-probability of increased vessel traffic within the region, especially in the post-Panamax category. The fact is that the Panama Canal is located 2,200 kilometres away from Trinidad and Tobago. So that really, we are a viable option for shipowners in the selection of a location to have their ships repaired as well. So there are a lot of market opportunities but, again, there is absolutely—*[Interruption]* Sorry?

Sen. Munro: Twenty-two hundred kilometres from Trinidad and Tobago—the

Panama Canal?

Sen. The Hon. P. Gopee-Scoon: Yes. Am I wrong? Okay, I can have that corrected. But what I want to say though is that the last Government, despite having knowledge of all of the activities that has been taking place in the Panama Canal and the expected surge of activity coming down our way, the last Government absolutely took no initiative to expand in this maritime sector and any capabilities that allowed for increased revenues in this sector at all. One would find that the Bahamas and Jamaica and Costa Rica and many other countries within the region have, in fact, prepared for this and are undergoing their port expansion and increasing their dry-docking facilities and so on to prepare—*[Interruption]* That is so. *[Interruption]* Port of Tobago? No, we are talking here about dry-docking and ship repair. I will speak to the Vice-President. So we, in this Government, have identified this maritime sector for growth and for targeted development.

Another concern that I would have under the last Government as well, related to this, is the maritime department in the University of Trinidad and Tobago which had been developed under us, under the last PNM Government and I really want to put the question to the other side: what has gone wrong with that maritime department which was to prepare individuals for this sector? I think that has almost gone to naught and that is very disappointing.

But at the Ministry of Trade and Industry, we are, at this point, discussing the action plan relative to this industry for 2015/2016 for this sector. As well, we have met with key industry stakeholders to learn of their challenges thus far and to help them to develop plans to stimulate investment and to encourage meaningful growth in these areas of ship repair and dry-docking and shipbuilding as well. So there was a consultation in November, there is to be another consultation within another two weeks as well.

We have been looking at the regional developments, the shipyard—the grand shipyard—I have to call it—in the Bahamas. I was quite amazed at the scope of facility of ship repair and so on that is conducted there. They attend to cruise ships and so on. So they have really captured a serious part of the market. But there is room for us as well in terms of all of the service vessels that are usually anchored in Trinidad and Tobago or conducting their daily works to and from rigs and so on. We can find and put ourselves in a better place to increase revenues in this particular sector.

So what you can expect from this Government and the Ministry, perhaps in the next two months or so, would definitely be a renewed strategic plan detailing concrete proposals on the way forward and deriving from that an action plan as well. We would have conducted a review of all of the incentives that are currently available to attract investors and we will be presenting the ones that are most suitable, both for our local investors and foreign investors as well. So that much can be expected in terms of revenue generation from the maritime sector.

Now, I want to speak a little bit about the creative sector, which I consider to be quite important as well. Our Government has renewed our commitment to playing a direct role in the business development of the creative industries. This, for a long time, is a sector which has gone unchecked but there are so many people in Trinidad and Tobago—and I have spoken about that before—who are really quite, quite smart and this is a place for them and therefore, this is a sector that we think that can be developed to meet the needs of those persons who have these kinds of capabilities, and a number of capacity-building initiatives and incentives will continue to be implemented by the Ministry of Trade and Industry, aimed at stimulating the establishment of viable businesses in the film, the fashion and the music sectors as well.

These will include the production expenditure rebate programme, which is probably—that was launched by us in 2007—one of the most attractive rebate programmes for the film industry in the world. In fact, you have had something like \$20 million in revenues from international production companies that have filmed on location in Trinidad and Tobago. I think that there is quite some interest being shown now and we intend to focus on all of these interests that are now before us as well and to really see this industry as a generator of revenues.

There is also that other incentive which is tax reductions for philanthropy and investment in the arts via the Corporation Tax Act. Again, and I think that has worked well. I have seen, at the end, the credits of local films and so on, many of the large companies that have utilized this particular incentive and I am quite pleased for the involvement of the corporate business all geared towards the development of the film industry as well.

So that Creative TT will, in fact, be implementing capacity development programmes which will enable e-operations, content development, market research, awareness programmes, training and outreach, among others as well.

9.45 p.m.

In addition to creating all of these viable businesses, we in the Ministry of Trade and Industry will also focus on identifying target markets and distribution networks throughout the world, but particularly in Japan, Cuba, Europe and Latin America. And the end result of this is, that we want to see an increase in revenue generation as well through the export of film and, of course, all through the export of fashion and music products.

I want to say as well that, however, the successful penetration of foreign markets by local creative products require some appreciation of these particular products at home. Therefore, we leave that to the public to find an interest in our local films,

our local fashion and also, in our local music as well, but the same process is going to follow. We are going to seriously embark—and we are going to have renewed strategic plans for this particular industry as well; action plans and, as I said before, monitoring, evaluation and implementation; central to success of these particular industries.

During this fiscal year, you can expect a fashion value chain investment programme to be rolled out in the fashion industry as well, and an artiste portfolio development programme which will be implemented for the music industry as well.

We will be working in the Ministry very closely with CreativeTT to maximize the use of all of the incentive programmes that I have spoken of before, and to push all of these development programmes which, I can assure you, would be a total success given the creative genius and the creative talents that we have seen in this country. But, of course, it requires us to be dynamic, to do some tweaking with regard to CreativeTT and where it is at now and where it has to be.

There are many other services that we are going to be looking closely at. Certainly, we want to expand our capacity as well in the areas of aviation and financial services, in addition to the areas already targeted like energy services and the professional services as well. It is a well-known fact that many of our Trinidad and Tobago companies and our experts from the energy sector, they are already providing high value-added goods and services to foreign countries, and we commend them for that, and we are going to add our support to it as well. We see the potential for the export of these services right close to us in Guyana and Surinam, where there have been significant recent discoveries of hydrocarbons.

With regard to ICTs: we are very serious also about developing software design and applications industries. One of this administration's land-market projects, of

course, is the implementation of a nationwide broadband network to nurture a knowledge-based society. In addition to that, we are working with the IDB to position Trinidad and Tobago as a renowned location for the global provision of information technology enabled services modelled after the Uruguay experience.

This is because the global information technology enabled services market has been one of the most dynamic in the 21st Century, increasing nearly 10-fold since 2004, and achieving estimated revenues of US \$400 billion in 2014. It will be imprudent of us not to take a bite of that. You will be pleased to note that also, Mr. Vice-President, based on a study conducted by the IDB in 2013, it was found that Trinidad and Tobago has several of the critical success factors to develop this particular sector.

Firstly, as a country with native English speakers and a similar time zone to the US and Canada, which are the world's largest markets for IT-enabled services, it really makes us competitive insofar as having a similar time zone and enabling daytime shifts. Of course, since the major North American clients are English-speaking, communication will certainly not pose a challenge as well. Of course, what is important is the quality of our human capital. We are ranked regionally for our education quality, of course, and certainly, our robust ICT infrastructure guarantees delivery in IT services as well.

So, based on all of these analyses, the Government through the Ministry of Planning and Development, will later this year launch a global services internationalization hub; GSI hub it is called, capable of providing sector specific trading and support services, adapted to the needs of local companies and foreign investors, and, of course, provide spaces for collaborative work and innovation. This first hub will be located in Chaguanas, and subsequently in east Trinidad as well. I certainly think it is a model that can be developed in some measure

throughout the country, certainly in the south, certainly where we are developing all our road networks as well.

I want to speak a little bit about manufacturing, because our manufacturing sector is perhaps the healthy—it is, in fact, the most successful in the region. The manufacturing sector has contributed, I think—or generated close to 10 per cent of our national income. Therefore, the manufacturing sector must be central to our diversification thrust, and our support certainly will lie with them.

We have long been the manufacturing hub of the region, and we intend to be the manufacturing—we intend to widen that scope to go into Latin America and, of course, extra regionally as a whole. Thus far, we have been able to attract buyers for our products in all corners of the globe. It is that the exporting segment of the manufacture sector has become a key earner of foreign exchange, so important they are to this country right now. It is a fact that there has been a resurgence in manufacturing in several countries. The outsourcing model which is now switching to reshoring and, therefore, I give the commitment that this Government intends to work with the Trinidad and Tobago Manufacturing Association, to lead a domestic resurgence of manufacturing, as that sector is a viable option for further diversification.

I want to speak a little bit, in as much as I am speaking about manufacturing, to speak about export markets. It is that we have to pay attention to the fact that there are some very poorly performing economies that have been cited for 2016. Three of them hail from Latin America: Venezuela, Brazil and Argentina but, notwithstanding, there are several opportunities in the region in terms of Panama and the Dominican Republic, because serious expansion is expected in these economies—as much as 6.1 per cent in Panama and 5.4 per cent in the Dominican Republic as well. While even Nicaragua, Bolivia, Guatemala as well, Paraguay and

Peru, they should show positive growth rates as well, anywhere between 3.8 per cent and 4.2 percent. So these are countries that our manufacturing sector must engage with. Some of the engagements have already occurred, but it is time to ensure that we do persevere and deepen the engagements with all of these countries that are expected to show some measure of growth in 2016, despite all of the difficult economic situations worldwide.

So, there are a number of agreements which have been already signed. It is imperative that we take advantage of these agreements. I speak to the Partial-Scope Agreements with Panama, Guatemala, El Salvador as well. Of course, the Caricom Bilateral Trade Agreements with Colombia, Venezuela, the Dominican Republic, Costa Rica, Cuba and Canada and, of course, the CARIFORUM, European Union, EPA Agreement as well. All of these agreements provide the potential for diversification through the expansion of—you would be surprised—in particular, services exports.

In the EPA, for instance, the CARIFORUM Economic Partnership Agreement, the services were negotiated allowing access to 90 per cent of the EU services sector ranging from business, services, communications, construction and distribution. So that is a lot of scope in the environmental, financial, transport, tourism and recreation services as well. So that we, through the Trade Implementation Unit, we in the Ministry of Trade and Industry are working to ensure that this EPA is, in fact, fully taken advantage of—thus far, it has not—so that all of these service providers can, in fact, access these European markets.

At this time, the Government is reviewing requests for bilateral agreements by Chile, as well as new arrangements with our old partners, like Canada. Of course, we look at the softening of tensions between Cuba and the US. And, of course, that could result in a spike in demand from that country for a wide range of products, as

that economy opens. I wish to let the public know that we are, in fact, strengthening our office there, and we are pursuing all of the options for export financing that we possibly can, to help our exporters as they move into Cuba in a substantial way.

The Ministry of Trade and Industry is also developing a national export strategy that will focus on the non-energy sector, with the objective of furthering the diversification agenda as well. We would be focusing on all the particular issues including the supply side issues, like focusing on domestic production capacity, productivity, quality, technological development, management and export marketing competencies and, of course, then we will be focusing on the operational issues as well. That is ensuring that there is a business environment, that is internationally competitive on things like reducing the cost of the trade transaction, streamlining official procedures and documentation and, of course, progressing infrastructure development. We are also going to be focusing on demand side issues—*[Interruption]*

Mr. Vice-President: Hon. Minister, you have five more minutes speaking time.

Sen. The Hon. P. Gopee-Scoon: Yes—the whole question of job creation, balance gender, poverty alleviation and urban/rural developments and so on.

Let me say as well, that we are considering, the Ministry of Trade and Industry through exporTT, and also after consultation with all of the stakeholders—I am talking about all of the Chambers throughout Trinidad and Tobago as well as AmCham. We are considering the establishment of trade facilitation offices modelled after the Cuba TFO office in Guyana. We are considering that to service the Guyana and Surinamese markets, as well as in the Dominican Republic to service the Dominican Republic and Haitian markets. This, of course, underscores the very proactive and strategic approach by the Government to seek new export

markets that ultimately would lead to increased foreign exchange, to jobs and, overall, our revenues as well.

So that we are going to be moving to removing much of the bureaucracies in the way of all of these industries that are targeted for development. And again, opposition as it is, with regard to doing business and ranking, with regard to the competitive-index ranking, these are not good enough at all, because all of these bureaucracies and all of these cost procedures, only tend to inhibit investments and business activities as well. So our aim is to get rid of—systematically work on getting rid of all of these impediments that are in the way of ensuring, that the environment is healthy for, in fact, doing business and for being competitive as well. It must be an enabling environment for healthy business; for conducting healthy business.

So I want to say that we are as well focusing on our TTBizLink. Right now we are providing something like 46 eGovernment services across 25 Government departments and so on. We are, in fact, looking at increasing these kinds of further activities, this is, we are looking at again, advancing and modernizing, the single electronic window as well. We want to make sure that we deal with all of these services, like company registration, work permits and certificates of origin and so on. I would not say very much about the agroindustry as well, which is geared for diversification. I think the Minister addressed that as well, but again, to say that the Cabinet has approved the establishment of an agroindustry/agribusiness park for Phoenix Park North, to be established and developed in Phoenix Park North.

10.00 p.m.

We are also looking at other areas in Trinidad and Tobago, particularly the rural areas where we would in fact consider mixed-use parks as well. E TecK is doing its part in making sure that they are a part of the diversification preparation as well,

and that we are in fact prioritizing all of the needs of the private sector as well, ensuring that there are spaces for economic development as well. So that you can expect before the end of this fiscal year the roll-out of the first phase of the Tamana InTech Park, and also, perhaps in another 12 months, the Piarco AeroPark as well, the first phase of it. We are working on totally and fully on competitiveness and productivity in ensuring that competitiveness is increased and improved in every which way that is possible.

We are very concerned about poor work ethic and so on, and I am certain that the Minister of Labour and Small Enterprise Development will speak to this matter of productivity which is key if we are going to be successful in the global environment, and if we are going to be advancing in all of these key sectors as well. So that productivity, I will just say though, is a key success factor in our goal to increase competitiveness and it remains important to us.

So I wish to conclude now by just saying that a strong, growing, sustainable economy is a goal of every nation, and it certainly is a goal of Trinidad and Tobago. Mr. Vice-President, I thank you. [*Desk thumping*]

Mr. Vice-President: Sen. Sturge.

Sen. Wayne Sturge: Thank you kindly, Mr. Vice-President. [*Desk thumping*] Mr. Vice-President, it was very refreshing to hear of some of the promised initiatives described, or outlined by the Minister of Trade and Industry, who, incidentally, according to social media has won the title of best actress in a political speech for the cry we saw earlier in the day. I just looked at social media with respect to a new policy coming out of her Ministry, and she is now being described as the “crying assassin”, because she has, in essence, assassinated the used-car industry by putting measures in place which would see the cost of foreign-used vehicles increasing by as much as \$30,000 for an ordinary sedan. She has placed a quota

which, I dare say, is discriminatory on the used-car dealers.

Sen. Gopee-Scoon: I am absolutely not changing quota at all.

Sen. W. Sturge: From what I understand the quota is now—*[Interruption]*

Sen. Gopee-Scoon: I am absolutely not changing quota.

Sen. W. Sturge: No. No. So that there is no quota with respect to big business, big financiers, Ansa McAL, Southern Sales, and the list goes on, but what is quite clear from what we are seeing, the policy of this Government is simply to help their rich financiers and to wage, or to declare a declaration of war on the poor.

[Desk thumping]

The measure they have brought for the approval of this Senate, in essence, amounts to an attack on the poor, an attack on the most vulnerable in our society, and an attack largely on their own supporters. This is an attack on the people of Laventille, the people of Port of Spain South, Nelson Street, Duncan Street, George Street, you name it; an attack on San Juan, Morvant, Blue Basin, Rich Plain, La Puerta, Carenage, and that is just one section of the country. It is an attack on the East-West Corridor, Tunapuna, Bangladesh, which is in the constituency of St. Joseph, and I will show why it is an attack on the poor, and as one speaker earlier described, socialism for the rich. So whilst you claim to have kept a campaign promise by reducing VAT from 15 per cent to 12.5 per cent, it seems as though only those who purchase luxury items are the beneficiaries of this reduction. *[Desk thumping]*

So let me tell you who would benefit: those persons who buy luxury cars from Ansa McAL, and so on, they will see a reduction in VAT, in the price of the vehicle; a reduction in golf bags, I saw someone received one recently; a reduction in the price of golf bags; a reduction in the price of golf clubs; a reduction in the price of golf balls, and everything to do with golf and the rich people, and those

who want to be rich and want to be seen with the rich, they are the ones benefiting—[*Interruption*]

Hon. Senator: Golf carts too.

Sen. W. Sturge: Golf carts too.

Sen. Ameen: “Nothing for wedding?”

Sen. W. Sturge: And the wedding crashers. [*Desk thumping*] But the poor now, let us deal with the poor. Let us deal with the bulk of the population who would see their spending, their expenditure rise in most cases from 0 per cent to 12.5 per cent. I am not a student of economics, and I will go by what Sen. Mahabir stated earlier, it works differently for the rich because if you are rich 5 per cent is enough for food, unless you are like “big mama tonte” who cannot be dismissed or else she might eat the entire Cabinet. But for the poor it is 50 per cent; so 50 per cent of your income is spent on food.

The three most basic needs of any human being would be food, clothing, and shelter. So, let me give you an example for how you have sought to wage war on the most vulnerable. I am not even going to the pensioner who collects \$3,000 a month, they might be hardest hit; let me just go to the average Joe, not Joe the plumber, the average Joe who works for TT \$6,000 month—[*Interruption*]

Hon. Senator: And he is a PNM.

Sen. W. Sturge: And he is a PNM.

Hon. Imbert: The average Joe is a PNM?

Sen. W. Sturge: The average Joe is not a PNM.

Hon. Imbert: But he said so.

Sen. W. Sturge: Well, that is for him, you and him could talk.

[MADAM PRESIDENT *in the Chair*]

So the average Joe who works for \$6,000 a month, and if Sen. Mahabir is right,

and he spends 50 per cent of his income on food he spends \$3,000 a month on food, or \$750 a week. Now my mathematics is not that great, but that sounds like if we move from 0 per cent to 12.5, it is 125 per 1,000? Am I correct?

Hon. Senator: Yeah.

Sen. W. Sturge: Three hundred and seventy-five dollars increase simply because of the VAT measure. So whereas he had another \$3,000 to spend on other amenities, and so on, he now has \$2,625. So \$3,375 on food, you “lick up” \$375 from him, that is VAT alone, we have not reached when they pass on business levy and Green Fund to other items, we have not reached there yet. So he has \$2,625, what about rent? Unless you know someone who can talk to someone to get a nice house somewhere, [*Desk thumping*] an NHA, then you have to face the private rental market.

How many places you can think of that the average Joe can find for less than \$2,000 a month? So that is \$2,000 gone “right dey”, so we are at \$5,375. How much money remaining?—\$625? So you have \$625 for transport, \$625 for books—I am getting to books just now, because I want to show you how you assassinating the poor, “how alyuh doh like poor people”. Because, you see, it had a time when—all right, you take \$375 extra in VAT, but “at least dey coulda say”, well, at least we are getting free books, and at least we are getting laptops, so we are not different to those in the prestige schools, but not now.

So, in your drive to cut expenditure—and there are so many areas of expenditure you could cut—you find it most prudent to make poor people spend money on books. So what about the single mother working for \$6,000 a month, as I just described, she now has a disposable income of \$625, and let us say she has two children, how much books she could really buy? She has to pay transport—I sure she has to have a cell phone, most people have to. Well, you made quite certain

that she has to stay on the bus route looking for a maxi, and chance of getting robbed, raped, and so on, because, you know what, you are making sure she cannot get a used car. She definitely cannot face Ansa McAL and buy a Civic, not on that kind of small money.

So you have, in essence—[*Interruption*]

Sen. Hadeed: They cannot buy a Tiida.

Sen. W. Sturge: They cannot even buy a Tiida. You cannot even be a “wet man” and buy a Tiida, “so alyuh killing alyuh own wet men”. [*Desk thumping and laughter*] So “alyuh” want to kill the pensioner, because “dem ent even” have \$6,000, it is \$3,000. You kill the pensioner, you kill the single mother, and now you are killing the “wet man”, so nothing for the “wet man”. The “wet man” have no car, so no girls, frustration. That is what “alyuh” like. [*Interruption*]

We will deal with cable just now. But hear the classic—I have great respect for the engineer who is running the Ministry of Finance, I have great respect for him. But let me say this, he sought to give the impression that the food bill—or, when you look at the items that are now no longer zero rated, well, your monthly expenditure, with respect to what is in the schedule, would only increase by 12.5 per cent, that is not true. Because if what the President of the Pharmacy Association, Andrew Rahaman, is saying, and if what the President of the Supermarket Association is saying, and you increase, you have a—is it a 200 per cent increase in business levy? How much?

Hon. Senator: Three.

Sen. W. Sturge: Three hundred per cent increase in business levy, 300 per cent increase in Green Fund, what you feel the businessman going to do?—absorb that? That is not how business does run. He is going to pass it on to the consumer.

So the increase in expenditure, the amount of money you are digging out of

the man pocket, the poor man pocket, the “wet man” pocket, and the pensioner pocket is not 12.5 per cent, it is more. We understand you need to bridge the gap between income and expenditure, we understand that, but why you want to target the “wet man”, and the pensioner, and the poor man, because I hear somebody boasted today, I think it was the Minister of Finance himself who said, well, they made sure to keep corporation tax at 25 per cent. I remember a time when it was much more. I think it was 35 per cent. *[Interruption]*

Sen. Dr. Mahabir: Thirty-five and 38.

Sen. W. Sturge: Thirty-five and 38 per cent. Thank you, Sen. Mahabir.

Now, the businessmen will always tell you: “If yuh raise corporation tax I go ha to close dong”, and all that. Any of them close down? No. You feel the Syrian community, the little “gunta”, going to close down and run back Syria? The logic is you are waging war on the poorest, whereas you have four or five conglomerates, four or five big banks that are posting billion-dollar after-tax profits and you “ent” touch them yet, but you want to touch the pensioner and the “wet man”, and the single mother.

10.15 p.m.

“So if what you are looking for is an extra \$3 billion, why yuh want to dig out de poor man eye for that or de wet man eye for dat or de pensioner eye for dat? Why yuh eh dig out de bank eye, de same way dey digging out we eye?” Every single transaction you do at the bank they charge you for it. Why not put a tax on every charge they charge the customer, you tax them and take it from them? Why not? Why not say, “Well, listen, we cannot reduce VAT, we thought we could have at the time but times have changed, and what we need to do is keep VAT at 15 per cent, but for food we will keep it zero rated, because that is an essential.” Why not that?

“So allyuh still red and ready? Well, I cyar even say to PNM supporters it is time for allyuh to suck salt, because allyuh raise de price of salt. All I could say is time for allyuh to eat grass.” But what is clear, Madam President, is that we have learnt nothing from the past, in particular the period 1982 to 1992, when we suffered most. We have learnt nothing. We have learnt no lessons from it. What is clear is that we prefer to keep people dependent, to keep people believing in a great hoax, and we have perpetrated several different hoaxes on the people of this country.

So the time now, as one Senator said, we have reached the point where we have no choice. We can no longer say, “Well, let us hope things get better.” We have reached the point where we have no choice to diversify. We should have learnt that lesson between 1982 and 1992, but we did not. In the same way we did not learn from International Trust, and Winsure, and we had to get it back with Clico, it seems that we are a very stubborn, hard-headed people.

The modus operandi of the PNM is to keep people in bondage; make them feel that you care about them, that is “We giving yuh CEPEP; is we giving yuh URP; is we giving yuh free house; is we giving you free education.” And the one thing, according to the founding father of the PNM, the one equalizing thing that can take the most vulnerable, the poor, out of poverty—education—you interfere with that. No more free school books. What about those working in cloth stores and have two children? Forget the \$6,000, go and find out how much your voters who work in cloth stores survive on. “Yuh know wha go happen? Some ah dem cyar buy books. So how dem chirren gehing outa dat poverty?”

But you know what happened? You are quick to send a red jersey and a flag, and let them follow a music truck and “wine dey waist; great is the PNM because dey giving we food card, dey giving we URP, everything. But yuh know what yuh eh telling dem? Yuh keeping dem in bondage and yuh making sure dat dey stay

stupid.”

You have prestige schools where people have access to the computers. What is the point of having broadband Internet and you do not have a computer to use it? That makes sense? That is PNM logic as I understand it, but that does not make sense to me. The one thing that could give the children a competitive edge—long time I remember I had to go down by the library on Pelham Street and they used to insist I come back the next day and bring back the book, and I had to borrow the book again, because “meh mother cyar afford to buy all dem Greek tales about Odysseus and all dah kinda ting. Now, if yuh gimme meh free laptop, I could go and learn about Odysseus and all of these fellas, and Procrustes and Sophocles and all ah dem, just by going on the Web”.

Now you take away the competitive edge, and what you make sure is that the people in the prestige schools who could afford to pay to go to prestige schools and who could afford computers that they have the competitive edge; so this is class warfare. This is the neo-colonials, the Afro Saxons playing chimpanzee tea party, “dress up nice”, we in charge, deal with it. And then you are assaulting your own supporters, and making sure you keep them in bondage to make sure they vote for you, and full their heads with all kinds of stupidity. *Animal Farm* all over again. That cannot be right. So I have to go and pay for school shoes, school clothes and so on.

We have a problem in this country that we have to address. It is not only about cutting expenditure, we have to find a different source of income. I heard the Prime Minister in his state of the union address—if you want to call it that, because when he was at some convention he walked out with Sasha and Malia and parade, and so on and so on, everything like Obama—hooray. [*Laughter*] He said, “Well, what we are going to do is engage in public/private sector building of houses”, and so. But

if the pie remains the same size, or since we are losing US money, if the pie is getting smaller, that does not make any sense. “It eh helping nobody. Yuh giving de impression that yuh keeping economic activity going, but de pie getting smaller.” So what you have to do is find a way.

There are two sectors, quite apart from agriculture, which have been largely ignored by the PNM. Quite apart from the manufacturing sector—I believe that we should sincerely provide incentives for the manufacturing sector, because they can take us out of this rut. Just like the fella who is selling US \$20,000 a week, or something like that, in sweet peppers, that is the sort of thing we need to bring in some much needed US. So there are two sectors. Someone spoke about cancelling Carnival, you do not need to cancel Carnival; that is the one thing you cannot do in Trinidad and Tobago. We have two sectors we need to pay attention to. We have tourism and a subset of it would be Carnival. When I say “tourism”, why not sports tourism? We have all these facilities. When you have T20 in different places, people flock to see that sort of thing. Have more of that. We have cycling; we have swimming; we have all the facilities. We need to market sports tourism to make use of the facilities we have. We can get some money from there.

We need to deal with ecotourism. Dominica is doing well in ecotourism; it can work here. Instead of you allowing hunters to be killing deer, killing all the wildlife and then somebody sitting in a Ministry eating wild meat, maybe you should focus on trying to deal with ecotourism, developing that.

There is something called “health tourism” which might work out well in the context of the Caribbean, because we are perhaps the most developed, and if we develop along certain lines then certain people will have to come here from the Caribbean and nearby to do surgeries and so on. We can get money off of that.

But there are two things that bother me in this country. I will deal first with the

Carnival, which we like to say—since “ah” small they telling you that is the greatest show on earth. Well, that is the greatest hoax in this country. If it is the greatest show on earth, then where are all the Europeans, where are all the Anglo Americans, where are all the Canadians? Like it or not, the tourists who come to Trinidad and Tobago for Trinidad Carnival, come right from the Caribbean and the rest of them are Trinidad nationals living abroad coming back to have a good time, and “bus’ it” right after.

Sen. Coppin: Self-loathing.

Sen. W. Sturge: Self-loathing? Oh, Sen. Coppin, poor thing. You need to face reality. And that is the point. So if Carnival is the greatest show on earth, then market it. I have seen no special effort to market Carnival in any significant way, so that it actually brings in much-needed foreign reserves. That is a source of foreign exchange. So instead of trying to “lick up de wet man and de pensioner and de single mother”, try and market Carnival and see what we can get out of it, since you say it is the greatest show on earth.

You want to cut something, “lemme tell yuh about meh experience” at NCC. You have a few things you could cut. They have a classic. Whilst I was at the NCC, I attended the first three or four meetings, and when I realized what it was, I decided and I told the Chairman, “Hear wha happen, I here to provide legal advice, when yuh need legal advice call meh”, because the meetings last all days and then the three SIGs, special interest groups, go tell you about how we fight for Carnival, and we fight for pan and we fight for this and we fight for that, and “we eh taking no cut in expenditure”.

Let us deal with mas first, NCBA. Why are we giving them money? Why are we giving them money? Most of these bands make millions; that is a place to cut money. When you go to the stands for any Carnival function, “it empty”. The

greatest show on earth and it empty. What revenue are we getting from that? So one day I got so agitated I said, you know what, I do not think we should be spending all this money on this. What is this doing for us? How much money do we get from this? They say billions. I say, “Okay, well show me the documents where we are getting billions.” I stayed away for a long time. I kept calling and asking for it, and when I finally came back they still did not have it; billions.

They have other little things I want to tell you. Hear a classic. It shows why you should not be giving away money willy-nilly without accountability. They came to make a presentation for Dimanche Gras and there is this big projector screen they want to use for the Dimanche Gras, that is one night. And they are paying, if my memory serves me right, US \$100,000 to rent a screen for one night. That is TUCO’s show, the calypso part. That is TUCO business, that is not NCBA business.

So I boldface and put up my hand and said, “Ah just googled the thing and that cost US \$50,000 if you buy it for yourself. Why are you paying \$100,000 to rent it for one night?” A man who had no business in it, Mr. Lopez from NCBA, said, “Well, yuh know that is another matter, because if you buy it, storage is a problem.” But you know what? The screen is the type of screen that collapses into a cylindrical—you really cannot store that? Do you know who they are renting it from? I do not even want to say. Same place every year, same PNM financier every year, US \$100,000 every year.

10.30 p.m.

So where is he storing it that you cannot store it? “Yuh” want me to show you a next thing about Carnival? Since late ’80s coming up, we giving these tents all this money. Calypso tents, greatest show on earth—spend money behind them. When you go to the tent it empty. They have more people playing in the band, support

staff and so on. They have about 20 calypsonians lining up to sing the same topic which is—bash the UNC, if it is UNC in power or out of power. “All yuh not corrupt, ah know.” I have some more bombs to drop. Bash the PP. Bash who, anybody; anybody who is not PNM. *[Interruption]*

Madam President: Sen. Sturge, could you address the Chair, please.

Sen. W. Sturge: Sorry. I am sorry. Well, can I ask for your protection from Sen. Coppin, please?

Madam President: Well first, just address the Chair.

Sen. W. Sturge: *[Crosstalk]* Because I have something to tell “yuh”. Yes. So bash Kamla. Bash this one. Bash that one. And whoever “bash de best” win a million dollars in prize money. “Til ah get so vex de other day, ah say, me eh making no money, is best ah go an sing a calypso and win a million dollars.” Easy so, just so. As Chalkdust say, “just so” you become a millionaire and your art form dying—the greatest show on earth.

So while we are spending money in a tent, pelting money behind that and you have 20 people in the audience. That makes sense? That is where you need to cut expenditure, not people school books and school bag. “Doh interfere wit de wet man pocket, de sistren pocket who ha two pickney to mine, trying to make ends meet.” Interfere with that because you know what that is?—NCC is a feeding frenzy. I discovered it was a feeding frenzy and I have to sit down there and approve all of this. At one point I say, “I not approving nutten. I aint signing nutten.”

Classic one they want to approve—“somebody write and threaten to sue them. He ain’t even hire a lawyer to write. He write and threaten to sue them. They want to settle. Ah say, well he ain’t even get a pre-action protocol and allyuh want to settle.” That is where you need to cut expenditure.

Tobago—“ah know all yuh go hate meh for dis, but ah do not care.” I addressed an issue the last time I spoke in this Parliament about xenophobia and when I told someone about my experience, he said that is not xenophobic because I am a Trinidadian. He clearly does not understand what xenophobia means. But listen to this. There was a time when Tobago was not legally entitled to a percentage of the national budget. You know what was the difference then? Tobago was service oriented. When you reach Tobago they treat you like a rock star. You do not want to leave. “De people nice. Til every weekend you want to go Tobago.” And at that time it had five or six carriers from Europe coming to Tobago, Germans and Swiss and the British tourists and so on and Tobago was doing well.

But just in the same way you like to give handouts to your supporters, now they are entitled to a percentage of the national budget, things change. Until I read somewhere the Auditor General was asking for, I think it was a four or five billion that was missing. And we still cannot see it yet. But the Chief Secretary could justify building a big house befitting of a chief secretary. “Wha is a chief secretary?—dat need a big house.” [*Crosstalk*] No. It is factual.

And that is where—“and hear the classic now ah fine out de other day.” Big secret. Some airline they negotiated with to fly from Tobago to Brazil. The planes always—not even a quarter full. Plenty is when it half full and then somebody tell “meh” and I want you all to tell me if it is true. That for the empty seats the THA had to foot the bill for the empty seats. That is part of the deal. That is where you need to cut expenditure.

Sen. Hadeed: They flying ghosts.

Sen. W. Sturge: Yeah. They flying ghosts. Tell Mr. al-Baghdadi to go and look for “de ghosts”. That is where you need to cut expenditure. And I do not know whose crazy idea it was to negotiate a contract with an airline to fly to Brazil.

Brazil is not very different to us. They might speak a different language, but they are not very different to us. Why would Brazilians leave there to come here? I could never understand that one. Whoever came up with that idea that is what you call “crazy stupid”.

And when I made the comment the other day that arrivals are down in Tobago—big protest on the other side. Until the other day the Secretary for Tourism had to come out and admit—arrivals down. So not only are arrivals down, you have to ask why? Because arrivals are not down in other places, you know. You have other Caribbean countries doing well. Why it is that—[*Interruption*]

Madam President: Sen. Sturge, you have five more minutes.

Sen. W. Sturge: Thank you kindly, Madam President. Why is it that there are travel advisories for Tobago? They are the ones that should be bringing tourist money for us. So since we are giving them 5 per cent of the budget or whatever it is, I want to ask a question: how much they are bringing in for us? How much foreign exchange they are bringing in for us to be entitled to that? I would love to know. Arrivals are down. I think several airlines pulled out. The other countries are issuing advisories. You want to go to the Caribbean. Good for you, but do not go Tobago. Why? Because there is xenophobia. The crimes against tourists are on the high. So you cannot expect to be chopping up people and raping them and robbing them and expect them not to pull out. So Tobago is costing us money.

Hon. Senator: What!

Sen. W. Sturge: Yes. And when I spoke about xenophobia, let me give you a xenophobia so that you can understand because I said the last time that a substantial portion of Tobago’s tourism comes from Trinidad whether you like it or not. That is called local tourism. And if half of Trinidad is one race and half is the other, how you could stand up and tell them about “Calcutta ship coming”. That is

not xenophobia? So when they stop—since “yuh doh want de ‘Calcutta ship’ come—when they stop coming and arrivals down, yuh look for dat.” And that is what you need to reverse. That is what you need to reverse. You need to market Tobago. You need to market tourism, ecotourism and all the other forms of tourism I spoke about. You have to look for avenues to make the cake bigger. Because if the cake remains the same size, you could do how much private/public sector to build house, “all we go have is pace construction building house”—favoured contractor—house start at \$85 million and finish at \$200 million. That is wastage. That is corruption and that is what we need to get rid of.

So let me end by saying, “ease up de pensioner, ease up de wet man and ease up de single mother and get your priorities right”, and then we could start talking and then we will all do this together. Madam President, thank you. [*Desk thumping*]

The Attorney General (Hon. Faris Al-Rawi): Thank you, Madam President. It is with great pleasure that I have followed this debate whilst working at my office. So much that I missed my experience in the Senate and some of my colleagues that I see on the opposite side now for the first time in a very different perspective, that I took avail of the opportunity to come, with the privilege as Attorney General, to speak in this House.

Madam President, may I in my maiden contribution on this bench on this side first of all congratulate you on your position as President of the Senate. I wish a happy new year to all colleagues present here today.

We have before us a very serious Bill. We have before us the Bill, Finance Bill, 2016. It seeks to cause an amendment to just a few pieces of legislation, six in total: the Immigration Act, the Motor Vehicles and Road Traffic Act; the Income Tax Act; the Corporation Tax Act; the Value Added Tax Act; and the Miscellaneous Taxes Act. In the context of the Constitution of the Republic of

Trinidad and Tobago perhaps it is that this sitting is more for an intellectualization than it is for effect, insofar as a money Bill is carried by the House of Representatives. But it is indeed important to hear the views of all Members of this august Chamber.

I want to say, Madam President, that I listened with great interest to that last contribution volunteered by my learned colleague Sen. Sturge, who is apparently now leaving the Chamber. I heard Sen. Sturge speak to a number of issues. I heard him talk about “wet man”; attack on “de poor man”; what should be done; “Carnival; waste; corruption; mismanagement”; “flying ghosts”; somebody named al-Baghdadi. I do not know what on earth he meant by that. He tends to speak in unusual ways at times—“ecotourism; tax; keeping black people back; afro-Saxon; chimpanzee tea party; dress up; animal farm; Syrian gunta”;—[*Interruption*]

Sen. Sturge: Junta.

Hon. F. Al-Rawi: I will not try to translate what Sen. Sturge says; he is good enough at putting his own words on the record.

But I had to wonder for a moment, Madam President, with the greatest respect. Where was Sen. Sturge for the last five years? Where was he?—sitting as he did opposite me in the Senate to talk about NCC and ecotourism and waste and corruption. When he speaks so boldly today in proffering advice—tourism a subset sport tourism. Where was he talking about the LifeSport programme, the Ministry of Sport? Let me, for this record, put forward.

We as a country are in a time of an economic circumstance globally where there is a battle between countries and companies, where the price of oil is being driven downward in a spiral nearly to \$20 a barrel— some forecast, where countries are prepared to trade below the lifting cost of oil and gas and where companies have the luxury of being able to mothball themselves. After all when

one reflects upon the experience in the British Isles in the North Sea when the British Government raised supplementary petroleum taxes, what did the companies do in response? They simply shut down.

We are watching a situation in Trinidad and Tobago where our GDP's greatest contributor is the hydrocarbon sector, where companies are announcing thousands of persons by way of job cuts, and we are in a circumstance where the most significant point offered today is that of VAT, and the viability of raising VAT. And we are hearing this brandishment of "de wet man" and the "afro-Saxon" and the "chimpanzee tea party". I am repeating words that, I think, are quite unparliamentary, but nonetheless stand on the record and therefore, it is incumbent to deal with them.

Because, I do not think there is any citizen in Trinidad and Tobago who is in a chimpanzee tea party.

10.45 p.m.

Sen. Sturge: You do not know any?

Hon. F. Al-Rawi: Oh, really, Sen. Sturge. Oh, really, indeed. And as a mixed breed Trinidadian myself, I take great affront to those terms.

But the simple point is, in the economic circumstance that we stand, what do we do as a country? Do we decide that collecting revenue is not a priority? Do we decide that editing the appetite for certain goods is not a priority? Do we decide that we will not deal with raising goods out of the zero-rated class into 12½ per cent simply because of the "wet man"? Or do we say to the most improvised people, listen, the Government is concerned in job preservation, and if you want to preserve jobs then the proposal at the table is, let us increase taxation on certain items, let us increase the efficiency of tax collection, let us recognize that there is an urgency upon the population in Trinidad and Tobago, and let us make sure that

the average Trinidadian and Tobagonian keeps a job. Because the country, under the governance of the present Government, is interested in making sure that people maintain their job profile. Why then would the Minister of Labour and Small Enterprise Development have stood up and encouraged companies to hold the line, to ensure that unemployment does not become the natural response?

Does Trinidad and Tobago have the luxury of simply saying, do not raise VAT. But, to save you from 12½ per cent VAT we will just fire you. After all, we all know the expression, “champagne taste and mauby pocket”. How do you pay a recurrent expenditure, a budget that has grown from \$45 billion or \$49 billion in 2008 to \$62 billion to \$65 billion? And when I hear Sen. Sturge stand in this august Chamber and proffer advice about the poor man, where was he in supervising efficiency when \$400 billion was spent by the last Government in five years? They may say \$282 billion only officially on the books, not counting contingent liabilities.

I heard Sen. Munro ask, what is going to be done with the \$50 billion lending limit, as if he did not know, economist as he is, that \$35 billion is the hole that we are trying to fill. And if you take every bit of asset, every bit of revenue to be generated from TGU, from IPO, from tax write-offs, you cannot fill the hole. So, let us talk brass tacks here tonight to Trinidad and Tobago. What is the choice to be obtained? Fire people? Or levy a tax? Fire people? Or improve your revenue management situation? Fire people? Or make sure that your country continues to have faith in what you are doing? Sen. Sturge to stand up tonight—now having left the Chamber, God alone knows why—says tonight, let us talk about sport tourism. He witnessed \$300 million in the Sports Company, half a billion dollars in LifeSport, nearly \$1 billion, and had not a word to say when in Government.

He spoke about being on the board as legal advisor of the NCC and watching

waste, and mismanagement, and corruption. Where are the public reports of that? How does one stand here today and take seriously someone who sat in the Government of Trinidad and Tobago offering advice to the people of Trinidad and Tobago now in Opposition? Did the last five years simply vanish from the memories of Trinidad and Tobago? It is all good to stand up and trade blows, to answer pound for pound criticism, but where does it take us? Sen. Sturge was correct when he said that the country must focus on elimination of waste, mismanagement and corruption. And I have heard coming from the Opposition Bench a most astounding theory. Well, if you have evidence of waste, and mismanagement, and corruption, do something about it.

I heard Sen. Sturge refer to al-Baghdadi. Perhaps in reference to me. Al-Baghdadi is an Iraqi name meaning from Baghdad. I wish to tell him Al-Rawi means you are from Rawi. So, if he is talking Iraqi and he wants to know about ghost gangs, let me tell him about ghost gangs, and waste, and corruption, and mismanagement. There are 107 statutory authorities and state entities in Trinidad and Tobago—107—60 of whom have reported, 47 of whom have not yet reported as to their legal expenses. There were 33 government Ministries, there are now 22, we have not had reports from 12, and they have reported. We, as a people in Trinidad and Tobago have crossed \$1.432 billion in legal fees—one thousand million, four hundred and thirty two million dollars in legal fees—under the UNC/People's Partnership, whatever you want to call it, in the period 2010 to 2015.

I want to remind the country that the average annual expenditure from the Ministry of the Attorney General when John Jeremie sat as Attorney General was \$40 million a year. I want to remind Sen. Sturge, he being in fact someone who provided legal services for the Government of Trinidad and Tobago in that period, and was well heeled for it, that he ought to know that that is a matter under

investigation. I want to tell Sen. Sturge, this is the report—[*Holds up document*], [*A Senator whistles*—of the auditor that went into the Ministry of Legal Affairs to analyse the situation, and that it has been confirmed that there was a parallel human resource department, at the Ministry of Legal Affairs. That there were employees referred to in the report as ghost employees, who received moneys from the State, who never turned up to work a single day in their lives; who collected money and cheques that were encashed, who spent hundreds of millions of dollars at the behest of the Government then of the Republic of Trinidad and Tobago in the period 2010 to 2015, and that that matter has resulted amongst other things in Permanent Secretary then, in charge of the Ministry, being suspended and now facing an investigation, and in this report having been delivered to the Fraud Squad of Trinidad and Tobago for action. [*Desk thumping*]

Because, Trinidad and Tobago is under the impression that there is a sense of lawlessness, anything goes because there are no consequences. Murder goes unchecked, no witnesses; corruption goes unchecked, no witnesses; LifeSport happened, a Senator can stand up in this Parliament and talk as if there was no LifeSport in Trinidad and Tobago. None! The gentleman named in the LifeSport scandal is the same man facing down a charge for the murder of Dana Seetahal. A circumstance where you had the Minister of National Security in the last Government at war with the Minister of Sport, saying every day, stop LifeSport, stop LifeSport, corruption, murder, mayhem, but where was Sen. Sturge then? How vocal was he about the “wet man”, the afro-Saxon, the chimpanzee tea party, the Syrian junta? Nice, and talking big today, you know.

Hon. Senator: Ghost briefs.

Hon. F. Al-Rawi: Ghost briefs, somebody says here today.

So, I find a deep sense of repulsion in having to listen to that today, and it is not

often that I descend into the pejoratives, or descend into the condemnation. That is a hard state to be in. Ask the colleague sitting behind you who have sat with me in the Senate for five years. I do not often call a name. I do not often condemn people personally. There are issues to be dealt with. But, you want to talk about waste, corruption and mismanagement, suffice it to say, all that we will say on this side, is that we will deal with it. That problem is our problem, because we are now the Government.

There is no disaggregation between the past Government and the present Government, and the problem, and is them, and is us. It is the governance of Trinidad and Tobago in continuity. And what people need to be reminded of is that there is a law, it must be carried out with some measure of aplomb. It must be in a demure balance where merit and ability are rewarded, so what did we do by way of containment of waste and corruption? We went into the Ministry of the Attorney General and Legal Affairs, and we said to everybody keep your jobs. Make sure that you submit your qualifications to keep your jobs, because there is nothing on record. “Whap!” One side of them never turned up and disappeared, and just left the job. Cheques in their hand not encashed. “Doh want the cheque all of a sudden”. Working, do not want to get paid. Well, boy, that is your first example of fear that grips you.

Secondly, you say to them, no problem, you have a job to perform, here is your job description. Well, my Lord. Sen. Sturge is talking about productivity and performance. Well, Madam President, what I could say, is that that kind of production, that kind of performance, I am not interested in. But, what I can tell you is that every citizen of this Republic is deserving of a chance. The population needs to be guided into merit and ability. We must reward people upon productivity, and that is the exact approach we took in the Ministry of the Attorney

General and Legal Affairs.

My personal secretary was hired by an Attorney General who sat previously. My special advisors are special advisors hired by an Attorney General in the last Government. Why are they still in the job? They are competent, they are capable. [*Desk thumping*] But, what we have done, is that we have drastically reduced the external dependence and waste and mismanagement, so that I am not able in the Ministry of the Attorney General and Legal Affairs to say that we have had a 7 per cent cut. I can tell you our cut resembles almost 1,000 per cent. [*Desk thumping*] External briefs have been removed in vast majority. State attorneys are being utilized to carry out the State's work; senior counsel is being retained only to have a transfer of knowledge into the State. Moneys are being invested in training.

We are filling every single vacant post in the Ministry of the Attorney General and Legal Affairs by way of public advertisement, so that contract officers can go home with some sense of security and get a car loan, because they have a contract; and get a mortgage for a home, because they have a job and a contract. We inherited a position where 100-plus people were working on short-term contract for three months for five years. You hear that, Madam President?

They are entitled in the contract to a travelling allowance, but cannot access a car, because you do not have a contract and you have no collateral. But, does that fall from the lips of anybody opposite us today? Not a drumbeat, not a whistle, nothing in relation to that. "Wet man" talk today. What is a "wet man"? What exactly is a "wet man"? Does saying "wet man" makes you a rootsy Trinidadian and Tobagonian when you are earning millions of dollars? And there is nothing wrong with capitalism, there is nothing wrong with doing well. But how come it applies in superman circumstances to some people and not other people? [*Desk thumping*] Which is it, man or woman? Black or white? Man wearing dress or man wearing

suit? What is it? The point is, Madam President, it is time for us to be sensible. Trinidad and Tobago is in a long haul, it takes all of us to step forward and find the solution? The solution requires common sense, honesty, equality, fairness and transparency.

11.00 p.m.

We are not doing this in a vacuum. We have said, as a result of the analysis by Moody's and others, that this Parliament is going to drive reform to have a revenue authority, local government reform, campaign finance reform. Why? Because you would be prepared to pay your tax dollars if you saw it at work for you. You go to the United States of America, you listen to the lessons in foreign lands and they pay their taxes because they see their dollars working for them in their hospitals, in their homes, on their streets.

A million-dollar home under the property tax law, unamended and applied as it is would result in \$121 a month in property taxes. Is that too much to pay if you see it at work for you? If under local government reform you are seeing local contractors in San Fernando West working in San Fernando West building hospitals, schools, roads and drains and your economy bustling, is that not something to be applauded?

We take no shame in saying that our focus is on job preservation. [*Desk thumping*] You cannot pay for jobs with fancy ideas. You cannot pay for salaries with best wishes, and "we should ah do this", and "we could ah do that", and "we go do this." You have to find a solution, now. When it cost you \$38 a barrel to lift oil out of the ground and you are looking at \$20 a barrel for the sale of oil, what are you going to do? Pray about it? "Wetman" about it? Superman about it? [*Snap fingers*] Snap fingers about it whole night? What are we really going to do, Madam President?

Let us be serious. Companies that the Saudi Arabians are at war with in the United States, companies on a price war can mothball and close down. They could survive the run as they did in the North Sea in the English equation. But can a country do it, Madam President? No, we cannot. Taxation is not a bad word. Inefficiency is, profligacy is, bad value for money is. The trick is to deal with your short-term, your medium-term and your long-term, and the Government has stepped forward with a straightforward plan. I want to—through you, Madam President—commend the Minister of Finance for levelling with the people of Trinidad and Tobago, [*Desk thumping*] for explaining why it is we cannot touch the Green Fund, for explaining why it is we need to raise the debt ceiling limits, for telling us how much more money we need, for explaining what an Exchequer No. 1 Account is, Madam President, because it is about time that the people understand what we are doing.

People believe that parliamentarians occupy the lowest stature in society, ranked less, but just under them by lawyers. But why? Seventeen hours a day at work. Why do people have this view that politicians are terrible humans? Why is it that Sen. Ramkissoon could have said tonight, “I am not a politician”, as if it is a bad word. Why? Some of us have chosen to unplug from quite successful private lives to do this. Why? Because it is our country. It is either you choose to participate or you do not choose to participate and, as a Member of Parliament, you are a politician in the public politics.

It is an uncomfortable label. It took me five years to describe myself as a politician. Love the label, “Attorney at law”, somehow. But let us get real. We are legislators and we are making the laws of Trinidad and Tobago and we have a duty to apply and uphold a standard, but, Madam President, let us not dilute it and let us not descend into the banal and into the pejorative and talk about the “wetman”, and the

“afro-Saxon”, and the “Chimpanzee tea party”, and the “Syrian junta” or “gunta”, or what on God’s earth that means, all offensive as it is.

Madam President, the simple position, the country needs money; the country needs transparency; the country needs accountability. All persons in public life require accountability. That was why I was so happy this week to immediately answer an allegation, a seven-year old, nine-year old allegation, quickly and properly, because when you keep your records you sleep well at night. When you know your facts you could speak confidently. You are able to say it in the private of your own arena, in the public of a Parliament and in the public of outside of Parliament. And that is the way we must all live.

Do not be afraid to get the powder on you if you are playing mas. Do not be afraid to get wet if it is raining. We take these enquiries and interrogations, Madam President, but let us agree to move Trinidad and Tobago forward, hon. Senators. Let us agree to be honest as a country. Let us agree to have some faith that there is a better tomorrow. Let us do as the American say— You ever heard an American President speak?—we can do this, roll up our sleeves, tighten our belts. You do not hear any long treatise about things you know, Madam President. It is about simple back to basics philosophy. We in the Government have given a commitment towards governance. There is no more, the UNC and the PNM from our perspective. Whatever is the baggage of Government we take it and we carry it.

But I want tonight to invite some of my learned colleagues opposite to reflect upon the PNM’s record in Opposition. Madam President, I sat in Opposition for five, nearly six years, and I can tell you tonight that our voting record was 97per cent support of government legislation [*Desk thumping*] in the Senate. And there were occasions, as Sen. Dr. Mahabir will remember well or Sen. Small, where we in the Opposition voted together with the Government, when every Independent Senator

abstained, because we believe in the legislative aim. I want to know if this Opposition present now will agree to supporting something.

Sen. Dr. Mahabir: Senator, will you give way?

Hon. F. Al-Rawi: Sure.

Sen. Dr. Mahabir: Under my tenure, Madam President, there was never a situation where every Independent Senator ever abstained, but that does not take away from the spirit of what hon. Al-Rawi is saying.

Hon. F. Al-Rawi: Thank you. You were probably not there, for instance, in the Children Bill where every single Independent Senator abstained. So that was before him. So I accept that in your tenure, but I can tell you, for the six years nearly that I was here, that was the record where an Opposition voted together with a Government on the first Appropriation Bill 2010, and said that legislative aim is a good one and we will support it. Where we stood up, time and time again, for 97 per cent of the time, sometimes in antagonism with Members of the House on our own Bench; often. But that was the privilege that our political leader gave to us to say if you disagree on the basis of the principle of what is going on in your house, your house stands alone.

So, Madam President, it is late in the night. I have taken my maiden contribution from this seat, in this Senate, under your stewardship for the first time. I see many hon. Senators present, one alone on the Opposition Bench. A good man.

Hon. Senator: Who is that?

Hon. F. Al-Rawi: Well, only one Opposition Senator is present. I do not mean to say that there is only one honourable Senator, but everyone else has left the Chamber quickly.

Hon. Senator: “Uh huh.”

Hon. F. Al-Rawi: And what I wish to say is that the Government is prepared to work with the people of Trinidad and Tobago because we are people that stand in a revolving door. We have a 55 month lifespan ahead of us. Our shelf life is exactly 55 months. Take away the one month for each year that you are on vacation for five years, you are down to 50 months. Take away the Christmas break, the Easter break, you are down to 45 months. It is a short tenure and a short run and we count it in months. We do not know everything but what we certainly do know is that we are intent upon giving our best effort and we are open to receiving the recommendations of all Senators opposite and all Members opposite.

Madam President, I thank you for allowing me into your House. I thank hon. Senators for their attention at this late hour and I thank you for the opportunity to contribute into this particular Bill. Much obliged, Ma'am. [*Desk thumping*]

Sen. Jennifer Raffoul: Thank you, Madam President. Madam President, fellow colleagues, I hope you all had a restful holiday break. As always I would like to acknowledge everyone's service to our country in being here this late hour and all of your time and efforts. And as always I will keep my comments technical and constructive. Regarding the tax legislation before us today, I am going to point out several points about the proposed taxes and, consequently, strategic recommendations for going forward. Similar to Sen. Dr. Mahabir, some of my points are about the proposed taxes and some of my points are about the surrounding economic issues facing Trinidad and Tobago.

My first point is about the overall rationale and supposing necessity for increasing taxes. As I pointed out in the last sitting, the economic data does not indicate that Trinidad and Tobago is in a recession. We had 16 years of positive and significant growth between 1991 and 2007. Then what happened from 2007 onwards was the stagnation in revenue, not a decline.

Again, a stagnation in revenue is not the same as a decline in revenue. The problem was that while revenue was increasing in the 1990s and 2000s, expenditure increased by an even greater extent. Although we had greater revenues than we ever had before we decided to live beyond our economic means and spend more than we ever had spent before. According to the Minister of Finance *Review of the Economy* publication for fiscal year 2016, we have revenues of \$41.6 billion and expenditure of \$63.0 billion, a shortfall of \$21.4 billion.

The value for money out of this massive increase in expenditure is questionable. We had too many rushed contracts, too many non-deliverables and too much wastage. The short-run remedy and long-run should be to reduce expenditure to a more sustainable level. We are likely to be able to save a greater percentage of revenues and importantly to minimize cash flow requirements in the short run if we take a more concerted look at procurement reform and an urgent look at innovative financial instruments for economic development such as social impact bonds and PPPs.

Regarding today's proposed change in legislation in the VAT regime from 15 per cent to 12.5 per cent, I would like to second Sen. Chote's point, that retail sale prices on many products are unlikely to change and this can, unfortunately, result in a 2.5 per cent loss in VAT collections to the central government. The removal of zero-ratings on a selection of other basic food items is hoped to outweigh this loss in revenue. I hope that the estimates do show a net gain in VAT rather than a net loss in VAT collections.

Also, I second the point that Dr. Mahabir made, that the imposition of VAT on basic food items will disproportionately affect the poor since they spend a greater percentage of their income on food. As a young person and as an economist let me be honest.

At first this morning or this afternoon I felt a bit disappointed on the topic and quality of our debate. I felt like we were taking a very outdated stance to strengthening our economy. Allow me to give what I hope to be a more proactive stance based on economic fundamentals and innovation. Instead of only focusing on increasing the rate of tax let us also focus on moves that can increase the volume and profitability of domestic businesses. If our corporate tax rate is unchanged, a 25 per cent of corporate profits, let us consider the quantity of increased revenues that could come to fruition if we had a real and significant increase in business growth in T&T. Private sector business growth would in turn have positive impacts on private sector employment and decrease the burden on public sector employment.

11.15 p.m.

What makes an economy conducive for business growth is the economic fundamentals. These include the following: low cost of living; attractive investment infrastructure; public sector support services that are efficient in their operations and that support domestic investment; the ability to register a business online in a short time frame; the ability to file taxes online and apply for approvals online; an efficient port; efficient transportation systems; an educated labour force. These are economic fundamentals. T&T definitely has several things going for it in terms of an attractive investment climate. Zero capital gains tax is one of those attractions. May I humbly suggest some further improvements to the economic fundamentals to stimulate real growth? Let us consider incentives for social entrepreneurship entities. As I noted in my first contribution, T&T does not have any legislation or supporting framework for social entrepreneurs. To recap, social entrepreneurs are also called social enterprises and they are defined as businesses that are a cross between non-profits and for-profits. Like non-profits, they have a

social impact mandate. Their objective is to improve social or environmental conditions. But like traditional for-profits, they have revenue streams built into their operations in order to maintain fiscal sustainability and scalability.

Let me give you an example of a growing social enterprise in T&T. The company, Conflict Women, is run by a colleague named Asiya Mohammed. Asiya works with survivors of domestic and sexual violence to empower them financially and to recycle social support. She does training workshops to help survivors to learn skills in jewellery-making so they can support themselves financially, and she sells their products through local and international retail locations and an online store.

Each piece of jewellery sold comes with an anonymous story of a survivor. Her objective is to help empower survivors of domestic and sexual violence and her enterprise is a revenue-generating mechanism to help fund and expand its operations. This is just one example of a social entrepreneurship entity in Trinidad and Tobago doing impactful work and making revenue while at it. The fascinating thing about social enterprises is that they seek to be financially self-sufficient. They are not dependent on grants and aid and they can catalyse cost savings to public sector social services. I feel quite humbled and grateful to know many people like Asiya who are all endeavouring to make an impact in Trinidad. They leave well-paying nine-to-five jobs to pursue a passion despite the financial uncertainty that often comes with it.

As noted, Trinidad and Tobago does not have any legislation to support social entrepreneurship entities. Internationally, there has been a move towards registering and supporting social enterprises through partnerships, co-financing and tax reductions. One such move has been adopting legislation and incentives for B Corporations or benefit corporations. I would humbly suggest that Trinidad and Tobago take a look at adopting benefit corporation legislation. The impacts could

be stimulating local business growth as well as increased likelihood of attracting regional and international social entrepreneurs to T&T, and as noted, ease catalysed savings to overburdened public sector social services.

One other suggestion for increasing revenues to central government through diversification and growth is to increase the level of incentives for investment in art and cultural products. Currently, the maximum tax allowance is for expenditure of TT \$2 million annually, per applying entity. I would suggest this value be increased to TT \$5 million annually, per entity. This can help monetize investment in creative and cultural industries for diversification by the private sector.

As an economist, I am quite optimistic about Trinidad and Tobago's growth potential. On a macro level, our economy is the sum of 1.3million micro parts. Many of us have nine-to-five jobs but also have multiple skill sets, entrepreneurship opportunities and other opportunities available to us. Let us keep in mind that we have an abundance of opportunity and, most importantly, we have free education which empowers citizens to pursue alternative career paths whether in the public, private or self-employed sector.

As Sen. Mahabir pointed out, we have a \$10 billion public sector wage bill. There is much excess capacity within the public sector and much work seems to be focused on administrative functions and report writing and a lesser amount on execution. Our fellow Caribbean economist and Nobel laureate from St. Lucia, Sir Arthur Lewis, wrote about the Caribbean issue of disguised unemployment, which is when persons are formally employed but there is under-productivity in the sector. Arthur Lewis wrote specifically about the agricultural sector in his time. But the concept of disguised unemployment can be applied to the public sector in Trinidad and Tobago today.

On this note, I would like to commend the present Government for its move to

reduce the number of Ministries and to prevent duplication. I think this was an excellent move. However, there is still potential for greater efficiency and a reduction of duplication of efforts. We have a public sector wage bill of \$10 billion and we have employees who may be considering pursuing other options in self-employment and social entrepreneurship. I suggest we consider adopting a move from private sector companies who are facing unsustainable deficits themselves and consider offering employees voluntary separation packages with six months to a year of salary to help them move into self-employment, with a bit of financial support to help them during their transition and with longer-term significant savings to the public sector wage bill.

This should also help stimulate growth and reduce disguised unemployment. Sen. Rambharat, I appreciated hearing your plans for diversification of the agricultural sector. I also agree that there is significant growth improvement from the current .5 per cent that it contributes to GDP.

Although the changes in the VAT regime today were primarily aimed at raising revenues, the side effect of increasing the competitiveness of locally produced agriculture is welcomed. From a health and wellness perspective, I have a concern as a consumer about buying local produce. My understanding is that there is no regulation of the local use of pesticides and fertilizers, and furthermore, we subsidize the cost of these chemical inputs in local agriculture.

A recent report stated that Guadeloupe and Trinidad and Tobago were listed as the two countries in the world with the highest rates of prostate cancer because of their liberal use of chemicals in local agriculture. How many of us here today have family members that are battling prostate cancer, lymphoma or breast cancer? In my family alone I have several. How many of us have female relatives that are battling hormonal imbalances due to chemicals in the food supply and corn-fed

chicken? The use of toxins in our food supply has short-term and longer-term economic impacts on our personal health, productivity, loss of life and health care costs.

To prevent these negative side effects we are actually quite lucky that we have experts in permaculture located in Trinidad and Tobago. The organization Wa Samaki Ecosystems is based in Freeport and utilizes permaculture or a system of mixed organic agriculture without the use of chemical inputs. Wa Samaki is supported by the UN to conduct training seminars to agricultural institutions around the Caribbean. And Sen. Rambharat, might I humbly suggest that we partner with Wa Samaki Ecosystems to utilize their expertise on local and regional soil conditions and plants to revitalize the local agriculture sector without the use of toxic chemical. If we can better manage our local industry, then we are not only more likely to increase the quantity of local production, but also to increase local competitiveness and demand, since customers will be less fearful of the liberal and unregulated use of chemicals in food.

And finally, please allow me to make a technical recommendation on the legislation before us today, and this point is specifically relevant to non-profits and organizations with approved charitable status. The interpretation of the current legislation for these entities is ambiguous, and I suggest that we clarify the writing in the legislation to make it clearer for charitable organizations and the Board of Inland Revenue to interpret and apply the law. And in particular the two taxes which are relevant to this are the green fund levy and VAT.

Starting with the green fund levy, section 62 of the Miscellaneous Taxes Act stipulates that the green fund levy is applicable on income to the entity even on income that is exempt from corporation taxes. For approved charities, this leads to misinterpretation, and there are three possible interpretations. The Board of Inland

Revenue advises approved charities that the green fund levy is applicable on all receipts of income. Some accountants say that the levy is applicable only on a charity's investment income and income from the sale of products, but would not be applicable on donations received by the charity. And other accountants advise that the wording of the legislation refers only to "corporations that are carrying on a business". So their interpretation is that approved charities are exempt from paying the green fund levy since they are not carrying on a business. For several years approved charities have been calling for the tax legislation to be clarified and to explicitly specify that they are not liable to pay the green fund levy. I would like to endorse their calls and suggest this amendment to the legislation.

Moving on to the VAT legislation. Some approved charities have sought and received confirmation from the Ministry of Finance that they are not liable to VAT since they do not make commercial supplies. However, many projects are tendered and require a VAT clearance. VAT clearances are difficult for charities to obtain if they are not VAT registered.

I would suggest that the VAT legislation be amended to make it explicit that approved charities do not have to register for or charge for, VAT. In addition, as far as I am aware, the current VAT legislation allows for foreign diplomats and registered fishermen to be exempt from paying VAT on their purchases. I would further suggest that the VAT legislation also be amended to make it explicit that approved charities are not required to pay VAT on their purchases.

Colleagues, as always, I thank you for your attention and consideration and I offer my technical suggestions and collaboration for our country. Thank you, Madam President. [*Desk thumping*]

Madam President: Sen. Shrikissoon. [*Desk thumping*]

Sen. Taurel Shrikissoon: Thank you, Madam President. I know it is a little bit late

so I will try to move along more quickly than usual in the interest of time.

As I begin today, I would like to thank the hon. Attorney General and welcome the hon. Attorney General to this honourable House, for sitting with us and meeting with us today. On behalf of the Independent Bench we appreciated your spirited contribution and do have our commitment that we will work with you on policies in guiding Trinidad and Tobago forward. I thank you, Sir.

Madam President, as I begin today, I would also like to take this opportunity to thank you, the Speaker of the House and the parliamentary staff for your initiative in organizing the public lecture on Parliamentary Oversight, a Model for Developing States. [*Desk thumping*] Having now been ushered into the sphere of oversight committees, the knowledge gained and experiences shared were overwhelmingly welcomed as we accept a mandate from the citizenry of our country for greater and more effective parliamentary oversight. I thank you and your team, Madam President.

So as I begin today, I want to thank you again also for the opportunity to join this most interesting debate at this critical juncture in our nation's history as we seek to weather, what I would term, a financial storm inside of a battered ship.

11.30 p.m.

There are three issues being presented before us today, which I would really like to commend the Government for. The first being the exemption of senior citizens from the payment of fees for the issue of a passport and other travel documents. Guys, you were supposed to clap for that. [*Laughter and desk thumping*] Thank you, Sir. The second, the exemption of senior citizens from payment of fees for the issue of a driving permit [*Desk thumping*] and increasing the personal allowance of an individual from \$60,000 to \$72,000. [*Desk thumping*] Thank you, colleagues. The Government of today has sacrificed any income to be derived from the

renewal of travel documents and driving permits for senior citizens who would have served this country in one form or the other.

Further, the increase in the taxable allowance from \$60,000 to \$72,000 applies across the board, not only in one particular demographic, and what I am saying today with respect to that issue is the Government has extended an olive branch to those who are probably in need or require an assistance. And I want to say today that such a feat in a time where our country is in declining revenues, is significantly a remarkable one. [*Desk thumping*] It is a feat that I want to term bold and brave, especially in our economic climate.

Where a Government deserves credit if it is one thing this Senator will do I will commend, and when there is an issue I will highlight, and that is my role. So I have commended you. I am not too sure how much desk thumping I am going to receive from here going forward [*Laughter*] but where possible, whether in favour of your policy or my contribution, I will accept it.

Madam President, brought before this honourable House today are some adjustments that have captured my attention and warrant some concern. The Finance Bill of 2016 brought before us seeks to implement an increase in the green fund levy from .1 to .3 and a business levy from .2 to .6. Simultaneously, we are experiencing or we have been proposed with a reduction in the rate of VAT, value added tax, from 15 per cent to 12.5 per cent. Madam President, if we examine the logic or the rationale for increasing business levy and green fund levy, you will recognize that the Government is attempting to strengthen their revenue stream, and we are all aware that increasing the revenue stream is very critical at this point in time, given lower commodity prices and lower production volumes in Trinidad and Tobago.

But the reason for citing or trying to increase the revenue stream of the

Government is not solely resident, or as a result of falling oil prices or gas prices, but because in the national budget of 2016 Government expenditure was projected to be \$63 billion and collecting revenue or projected revenue of \$40 billion creating a deficit of \$21 billion. And in my mind, it is that \$21 billion in this fiscal year that we are seeking to close, that gap that we are seeking to close. The gap must be financed. We cannot ignore that responsibility.

The gap must be financed and the revenue must come from somewhere. What compounds this problem is that this pattern of behaviour, where expenditure exceeds revenue, has crossed government and their tenures and has become a way of business in Trinidad and Tobago, because we have been doing so for the past eight years. It is not a problem of today. What we are seeing today is the repercussions or the consequences of that pattern of sustained behaviour over time. How, therefore, is this Government going to finance this deficit?

In the opening presentation today by the hon. Minister of Finance, he highlighted that due to the declining prices, based on the prices that he would have budgeted or used to create his income stream, that they have fallen even lower, and so he is expected to collect some \$2.6 billion less than anticipated. So while we were initially trying to close a deficit of \$21 billion, as at today, all else remaining constant, we are seeing that deficit widening and moving up to upwards of \$24 billion. Greater problem. And attempting to finance this deficit, we are now being proposed with the Green Fund and business levy.

Senators on the Independent Bench, as well as in the Senate, would have gone through the legislation as to say what Green Fund is and what business levy is, and I am not going to repeat that, in the interest of time. But what I want to say at this point in time is that the green fund levy has now been increased from 0.1 to 0.3. The hon. Minister of Finance has said to us that he is unable to access this fund

because this fund has been pledged against the overdraft facility at the Central Bank. My issue or my challenge here is that now having the increase in the taxation, the Government is going to have an increase in revenue from the green fund levy, and so we need an explanation as to what purpose this fund will be serving because in its current placement against the overdraft facility the fund is clearly being used in violation of the Act for which it was created. And if the increased revenue continues, or the anticipated increase in revenue goes to similar expenditure or similar funding, we are continuing on a pathway that we have now described or I am now describing as somewhat illegal, given that it is being used against the Act that it was created.

It would essentially be making the same mistake of the past a second time, and the public was unaware of this occurrence in the first instance. So I am saying today, if we are going to have an increase in this fund, let us be clear what the purpose of the fund will be.

Sen. Dr. Mahabir: It is a targeted fund, not general revenue. A Consolidated Fund.

Sen. T. Shrikissooon: Correct. So I am saying today that there are two issues. We also noted that the hon. Minister of Finance has indicated his desire and his willingness to have the overdraft facility at the Central Bank come down to zero. I commend this initiative, but in doing so you are freeing up the already pledged Green Fund. So you now have available that Green Fund and now you have increased income for that fund. So if you want to split it, there are two reasons or two areas that we would need clarity on with respect to the Green Fund: the existing fund when it becomes free as the overdraft facility comes down, and the new funding to be obtained from the increase in taxation.

Also presented in this debate is an increase in business levy and we have gone to

town and we have heard at length the use of business levy, and I am saying today that business levy from .3 to .6 is a tax credit that we have highlighted against corporation tax. I am okay with that. However, it is a tax on your top line. It is not a net tax. It is a tax on the gross revenue being earned by businesses.

So therefore, if the Government is to increase the earnings of business levy or the benefit of an increase, it will only do so among companies that are loss-making, as said by the Minister; and companies who are profitable, there is no increase to be derived from business levy. Agree? So business levy is a proportional tax on companies' income and not profit, and it is a quarterly tax. So what the potential of this tax can have is an impact on the cash flows of companies. Not just an expense.

Madam President, what we are seeing here today is a Government strategy of trying to improve income streams via business levy and green fund levy to fund an expenditure or a deficit created in our national budget. While the business fund levy and the green fund levy increases are somewhat smaller or marginal in some cases in terms of the value or increase, what we are seeing here is a burden being placed on the private sector to increase taxation on the private sector, to provide a Government with revenue to fund a deficit created by Government expenditure exceeding Government revenue. *[Interruption]* Sorry?

Hon. Al-Rawi: For the benefit of the same people.

Sen. T. Shrikissoon: Private sector has a monetary obligation to the Government in the form of corporation tax according to the Corporation Tax Act, 75:02, but what we are seeing here is, while we have this obligation, it is an increase in the burden on the private sector. And again I want to say while the nominal values are small, given the rationale that you are taking from the private sector to fund the expenditure or the deficit of the budget, I am saying that could be a dangerous precedent; a precedent where you are taking from the productive sector and putting

it into a deficit that is being created that can be controlled.

To further support my point, I want to ask us to consider what is going on in the public sector, what is going on in the special purpose companies. If we are to examine Petrotrin, in my last contribution to this honourable Senate I highlighted that a company with approximately \$30 billion in revenue is loss-making. To compound this issue, in a February 28 issue of the *Trinidad Express*, 2012—a little while back—an editor is writing in his editorial:

“Petrotrin is already one of the most over-manned oil companies in the world.”

And he says: “I”—and I am referring to the editor. He says:

“I made a little calculation when I listened to the Petrotrin presentation and it seems to me that the average employee is producing 30 barrels of oil a day. A profitable oil company produces 300”—barrels of oil—“per employee, so Petrotrin”—appears—“to be over-staffed by a factor of 10...”

And I want to say this with all respect, Sir. You come to this Senate and you ask us to save jobs, but here it is we have an institution or state with an over-staffing by a factor of 10, what is it are we really saying here?

If we examine TSTT, in an article published by *Trinidad Express* on December 19, 2015, entitled, “Productivity hot button too long avoided by Govt”, the new Chairman is saying:

“Acclaiming the role of ‘partners’ with its TSTT employers claimed by Communication Workers’ Union, Mr. Elias appeared eager to put that posture to the test. He stressed the urgent priority of increasing revenue and reducing costs, and referred pointedly to TSTT overstaffing to the extent of 1,000 employees.”

And if I recall correctly, if my memory serves me right, in about 2012/2013 there

was a restructuring arrangement that was proposed for WASA when they were saying that current staffing levels at WASA was about 4,400 or 4,500, but what was required was really about 2,200 or 2,300.

So another state institution with a possibility of an overstaffing in excess of 2,000 employees, and now we are hearing today, save jobs. I do not think we should do so under these situations. I commend your effort hon. AG in managing your Ministry in this way, so as to optimise efficiency, but that level of efficiency must be translated not only in Ministries but for every single institution under your care and management.

11.45 p.m.

And we went on to say and I further highlighted in my last contribution, the loss-making position of Caribbean Airlines. So here it is we have a proliferation of problems. There are opportunities to optimize efficiency and save income but we throw the burden back to the productive sector which is the private sector, and that is my challenge. If we are going to be equitable and if your governance is going to be fair, let it be spread across the board. Show us by example how to optimize efficiency, how to save cost. Show us what you are doing and not just in a Ministry but for the institutions that are supposed to create revenue for us, and I am sure the private sector will step up, but do not let the plan be lopsided. That is my point. Today, Madam President, I am saying that there must be equity in the system.

And so that while we are in an environment of increasing taxation, business levy and Green Fund, we are simultaneously seeing a reduction in VAT. If ever I was confused in this country with respect to improving the income stream of a country at a time when revenues are hard, I cannot provide any logic for increasing a tax and decreasing the other, except for the fact that it was an election promise. *[Interruption]* Okay, fine, no problem. But I am sure the hon. Minister will address

the issue and make it more vivid in my mind as to why. But the point here is that if you wanted to lower the level of VAT, then you should have considered classifications of products that you can do it on. Because while you are lowering the level of VAT from 15 per cent to 12.5 per cent, there are products that will be consumed in this country for which the Government will lose revenue.

As I was having this discussion with my co-ordinator, he cited just one example: if you buy a vehicle for \$400,000, the VAT on it at 15 per cent is \$60,000; the VAT on the vehicle at 12.5 per cent is \$50,000, you would have just lost \$10,000.

Hon. Imbert: Only temporarily.

Sen. T. Shrikissoon: I do not know what that means.

Hon. Imbert: I will explain to you what that means.

Sen. T. Shrikissoon: Sure, no problem. But in the interest of looking at these figures, I am saying on a single purchase which most consumers would make over time, not necessarily a vehicle, there is the potential for a loss of revenue per purchase. Arguably, they may say that over time, the new expanded base of income will increase the VAT and that is okay. I could understand that because you have expanded the base but on that transaction, you would have lost income. That is why I am saying I am confused as on one side we are trying to find revenue; on the other side, we are actually losing revenue.

I just have two points again that I would like to raise: fiscal deficit 2016. Madam President, when the hon. Minister of Finance presented the budget in 2015 for fiscal 2016, he revealed to this honourable House according to page 57 of his budget statement that total revenue for 2016 would amount to \$41.6 billion. Expenditure for the same period would be \$63 billion leaving a pre-adjusted deficit of \$21.4 billion. Madam President, on that same publication, he says the total expenditure presented in the budget statement of 2016 was \$63 billion, net of

capital repayments and sinking fund contributions. According to the Draft Estimates of Expenditure for Financial 2016, page 87, Head 19, charges on public debt, it reveals total capital repayment and sinking fund for 2016 is approximately \$3.5 billion.

If we consider it from a cash flow perspective, we are seeing budgeted or projected expenditure at \$63 billion; capital and sinking fund contributions, \$3.5 billion. From an outflow perspective, that has just shot up to \$66.5 billion. Madam President, the total deficit, as I said to you before, with the inclusion or with consideration to the downward trend in commodity prices, we are seeing here that the deficit is about \$24.9 billion. I am saying the total deficit with the inclusion of the capital and sinking fund repayments is now \$24.9 billion—the \$21.4 billion plus the \$3.5 billion. That is correct. I stand corrected.

Given that price of oil upon which the budget was based is \$45 and gas \$2.75, revenues in a shortfall now of, let us just say, in the vicinity of about \$3 billion. So the projected revenue was \$40 and now we are down to \$37—between \$37 and \$38, and actually, outflow of expenditure is now \$66.5 billion; \$66.5 billion outflow projected expenditure plus capital and sinking fund contributions. Projected revenue down \$3 billion by about \$37. [*Interruption*] I am just saying from an outflow perspective, our obligation. It is an obligation. And I am not saying it is a payment, I am saying it is an obligation for which we must satisfy.

Therefore, it is saying that in our current situation while our initial deficit was \$21 billion, we are now seeing an outflow deficit of \$27.9 billion. I am saying to you, today, in this honourable House that the pre-adjusted or the income that was used to adjust this deficit was \$18.6 billion, leaving an unfinanced deficit or a gap of \$9.3 billion. It is just a claim to the income of this country, projected expenditure plus whatever repayments that we may have to make in a financial year, and that is

how I arrived at that—an outflow position. That deficit would be the largest deficit in our country's history.

Hon. Imbert: That is not correct.

Sen. T. Shrikissooon: That deficit would be the largest deficit since 2000, for the last 16 years. So I am not going to get into that at this hour, but what I am saying to you, the deficit that we are experiencing is a significant deficit. It is a significant deficit which this country must confront. You may want to argue with me as to the value but I am saying it is a situation that warrants a serious approach if we are to avoid a downward slide. Crucify me for the figures, that is okay, but I am saying, according to our current situation, we are in a bad place. We are in a very bad place because we are seeing it beginning to run away from us. Now we are seeing a revenue strategy, increase of Green Fund, increase of business levy, somewhat cosmetic in terms of what is required to deliver this country out of a current situation.

My last point that I would like to make is on debt-financing. I quote from the budget statement presented by the hon. Minister. The hon. Minister indicated that at the end of 2010, our net public sector debt was \$45.5 billion or 32.2 per cent of GDP; 2014, \$70.28 billion, 40.2 per cent of GDP; 2015, \$76.5 billion, 46.3 per cent of GDP. In the Minister's words, he highlights the evolution of our public finances over the past five years has seriously undermined our once comfortable net public sector debt position. And a mere two months later, December 08, 2015, placed before this honourable House are Motions to increase the debt ceiling of this country, with the potential, according to Sen. Khan, that can take the debt to GDP ratio up to—am I correct?—65 per cent.

So we are seeing in the budget document that we were once in a comfortable place, we are now in a place that is not comfortable and the policy that follows is one that

takes the same ratio to an extent that I cannot remember. I am saying—this is the point—your deficit for 2016 would be much larger than projected because of falling oil prices and probably if the projections on VAT and income to be earned do not materialize; an enlarged deficit. And secondly, we are seeing simultaneously the debt burden of this country increasing.

Why am I marrying the two concepts? I am marrying it because, as the debt burden of our country raises, our obligation to settle those debts also increases, and as our obligation increases, it now has to be deducted from the revenue that our country is earning for repayment. It is just as if one of us goes to the bank and takes a loan. Now, first claim to our salary would be to service the debt. If we are in a situation of increasing debt, our obligation will also increase. But we are in a time of declining revenues and therefore, our ability to service the debt now becomes a question mark.

Why am I saying it becomes a question mark? Because at our current levels—and I am not too sure what it is, but it is saying here that our debt repayment with the new obligation could take almost 20 per cent of the income that we would earn in a particular year. Sen. Mahabir is saying it could take more. If our revenue is \$40 billion and 20 per cent goes to debt servicing, we are left with 80 per cent; 80 per cent of \$40 billion, \$32 billion, but we are at a time when expenditure in our country is \$60 billion. Here is the question: if we survive 2016 in the terms of our financing or when we survive it, I should say, what happens in 2017? What happens in 2017 when that deficit is humungous and our claim to our income is significant to repay? Would we then be able to take care of the 1.3 million people who have asked us to govern this land? That is my concern.

Madam President, as I close, I commended the Government for your initiatives that you have taken to bring down the cost of passports and travel documents and

driving permits, as well as increasing the taxable allowance for individuals. I have commended you for that. Second, the remainder of my contribution was centred on financing the deficit and the consequences of increased borrowing. I am asking the Minister to say exactly how the Green Fund will be used. The first portion that is currently pledged against the overdraft and the second portion of the Green Fund which will be obtained from the increase in the new rate.

12.00 midnight

Third, as you ask the private sector to carry an increased responsibility of the budget deficit, what measures are being put in place to optimize performance, productivity and efficiency of companies within your control and management?

Point four, can the Government really reconsider or present to this honourable House, the real rationale and the benefits to be derived from lowering VAT to 12.5 per cent? Can the Government—and I am asking this—pay attention to accessing new debt from institutions, both in terms of those governed by the legislation debated here in the past, as well as institutions from which they can access funding, for which they do not require the approval of this honourable House? My last point is, how will the enlarged deficit of 2016 be financed? I look forward to your response hon. Minister. I thank you, Madam President. [*Desk thumping*]

The Minister of Labour and Small Enterprise Development (Sen. The Hon. Jennifer Baptiste-Primus): [*Desk thumping*] Thank you. Thank very much, Madam President, for the opportunity to contribute to the debate on such an important Bill, which is to provide for the variation of certain duties and taxes, and to introduce provisions of a fiscal nature and for related matters.

Before I get into the gist of my contribution, I would just like to respond to a point that Sen. Mark made.

Sen. Gopee-Scoon: He made a point?

Sen. The Hon. J. Baptiste-Primus: Well, really a criticism. And he was enjoined with Sen. Mahabir on another issue. Firstly, Sen. Mark stood here and he blamed the hon. Prime Minister for the loss of jobs in this country, and also accused him of a wage freeze; very ludicrous, Madam President. I think it was rather a disingenuous response, when we all know that it was the reckless, corrupt and visionless administration to which Sen. Mark belonged to or belongs to, that we have found ourselves in the situation that we are in. It is his party that is responsible for putting this economy in the state that it is in. I would simply classify his contribution as one of mass hysteria.

Sen. Mark also stated that he recommended a social compact to be formed, with labour and the rest of society since October 2015, and that has not been done today. Well, I just want to indicate to Sen. Mark, Madam President, that firstly, this Government will not rely on advice coming from that side, [*Desk thumping*] since the people who get you into trouble, cannot get you out of it.

But I know Sen. Dhanayshar Mahabir expressed concern about the fact that this body has not yet been appointed. I would like to assure Sen. Dhanayshar Mahabir and the other Members on the Independent Bench, and certainly the population of Trinidad and Tobago, for the record, I am aware that the hon. Prime Minister is actively, and I want to stress on the word “actively”, addressing this issue of a national tripartite body, [*Desk thumping*] and in a very short while, he will be making a public statement. So I hope that I have put that concern to rest.

Madam President, I want to say, before I get into my contribution, that sometime ago I stopped purchasing many, many products that come in tin, because they are unhealthy; very, very unhealthy. I would want to urge my senatorial colleagues, even on this side of the Bench that they need to go through their grocery list and really remove those items. You would realize that you will—the savings that you

are effecting, that saving is being spent in the market purchasing bhaji, pak choi, callaloo bush, pumpkin, provision and other local food items that are healthier than those in the tin. [*Desk thumping*]

Having said that, Madam President, I would like to express my confidence in us as a people, to rise above the turbulent tide of economic difficulties and uncertainties, as we are a creative, resilient and intelligent population. We are flexible enough and possess the ability, to respond to challenges in a careful and measured way that Trinbagonians know how to do. We know how to preserve all that makes us who we are. What are we? We are the spirit of our people, while tightening our belts, that is the mark of a Trinbagonian.

Our hon. Prime Minister has explained to the country what our economic reality is. He did not lull us into a false sense of comfort and business as usual, as the former Prime Minister of this country would have done around the same time last year. The task at hand is not an easy one. I think we all understand that.

My colleagues and I, under the astute leadership of our Prime Minister, and with the full support of the people of Trinidad and Tobago, have the unenviable task of navigating the nation through rough and choppy waters into calm seas in the restoration of a sustainable, fiscal position, as well as external balance.

Madam President, we do not see this as insurmountable, but rather as a test of our ability and endurance. After all, it has been said that a smooth sea never made a skilful sailor. It is public knowledge that the price of oil has dropped dramatically to around \$31 per barrel, from just over \$100 a barrel in 2014. Experts have contended that these prices will remain low, for at least the next five years. In addition to diminished revenues from oil and gas—our major export—there is less foreign exchange available to support the non-oil sectors of the economy, as well as to support the levels of consumption of foreign goods that are present.

We, the citizens of this country, have been asked to observe financial prudence as we conduct our daily lives. Keeping in mind that if local substitutes for foreign goods could be used, it augurs well for the amount of foreign exchange available for use on essential requirements. Madam President, this administration has conducted careful examination of our national financial situation at hand, and has done the responsible and patriotic act of deliberating on reasonable measures to resolve the issues facing us.

Madam President, while we are seeking to increase revenue, and at the same time ease the burden on our vulnerable population, we must not forget the important role that labour plays in stabilizing the economy. And on this note, I would really like to issue a call, a request to the employers out there, to really hold their hands on the retrenchment of workers in this country. As the Minister of Labour and Small Enterprise Development, the Retrenchment and Severance Benefits Act, Chap. 83:13, 4(1) states as follows:

“Where an employer proposes to terminate the services of five or more workers for the reason of redundancy he shall give formal notice of termination in writing to each involved worker to the recognised majority union and to the Minister.”

I want to lay in this House that since I assumed the functions of Minister of Labour and Small Enterprise Development—which was on September 09, 2015—with effect from September 11 to today, I have received a number of retrenchment notices totalling 830, and that is cause for concern. You have retrenchment from as little as six persons, up to today, when I received such a notice of 88 workers.

Therefore, Madam President, I want to urge the employers out there not to consider retrenchment as a first response. They should also remember that retrenchment has a social implication for this country, and we all have to live here. Our children

have to live here. Our grandchildren have to live here. Therefore, I want to encourage a greater rapport, a greater conversation, a greater dialogue between employers and the recognized majority unions. Sit and discuss the position of your company. Put the information before the unions, and hear what their proposals are. Examine what their proposals are. Look at other options and only where there is no other alternative, of course, then you may very well have to do inevitable.

Madam President, we must remember that work is at the core of people's lives. Having a decent job that allows us to earn an income, to take care of ourselves and our families, is indeed at the very heart of our existence. You will therefore understand, Madam President, how heart wrenching it is for me, and I dare say others out there, when I hear about workers losing their jobs and their livelihoods.

It is in this context that I make an impassioned plea to the employers that we must make every effort to cut costs and save jobs, rather than cut jobs to save costs. We all lose when we place the burden of our financial and economic challenges squarely on the shoulders of workers. The time has come for us to sit together to ensure that retrenchment is a last resort.

This year is a critical year in Trinidad and Tobago. We need to make those hard decisions that our nation needs, or it will be the year that we look back at as the beginning of the decline of our economy. This year quite simply is critical for the future economic state of our country.

Madam President, unless we fix the public finance of Trinidad and Tobago, all the progress that we have made could easily be reversed, but there is hope. With the right policies, strong leadership and cooperation, we can manage to a brighter future for all of us. Our hard-working men and women are the backbone of our economy. The last Government certainly did not understand this. The labour movement tried very hard to get them to understand this, but they chose not to.

12.15 a.m.

Let me assure this honourable House that my Government is of the firm belief that no one should be denied his or her rightful pay. Workers should be fully and fairly compensated for their hard work. At the same time, Madam President, workers too, have a responsibility to their employers to give eight hours fairly, be regular, and be on time to carry out their duties. Madam President, my Government has meticulously reviewed the budget and identified that over \$2billion is needed to meet the outstanding arrears of salaries owed to thousands of public officers, and we are currently putting in place the machinery to ensure that what is rightfully due to workers is paid.

Madam President, you would have heard our Minister of Finance indicating, or informing that the public sector arrears of salaries bill is as follows, and it requires repeating: the Defence Force, which comprises the Regiment, the Coast Guard and Air Guard, the arrears owed computes at \$726,643,806; the police service arrears, \$1,166,989,069; the fire service, \$431,584,000; the prison service, \$341,600,000; bringing the total arrears owed for the public sector at \$2,666,773,715. Now, Madam President, that does not embrace the health sector which is about \$1.7billion. WASA, however, paid out \$420million without the necessary approvals, and that figure does not take into consideration the outstanding negotiations dating back to a period of 2007. So that the Minister of Finance will have to do adjustment, and, I suspect, after he does his adjustment, the outstanding arrears of salaries owed would be closer to \$7billion.

Madam President, I am seizing the opportunity now to talk to the comrades in the trade union movement, and I stand here proud today, I could call myself a comrade. I cannot remember the other one before me, if he survived that. Madam President, I am taking this opportunity to publicly appeal to the comrades of the

trade union movement, that given the fact where we are and where the economy is, they have to lower their expectations going into these new negotiations. [*Desk thumping*] We are going to settle what is past, for that past period, but, as we go forward, if the cake is smaller, then our expectations must be tailored in that regard. I have no doubt that the leaders of the trade union movement, at least 98 per cent of them, they are reasonable human beings and they will understand, and, therefore, will give their support and talk to their membership and request the support and cooperation of their membership.

Madam President, the International Labour Organization, Director-General, Mr. Guy Ryder, rightfully points out that the world is at the tipping point. He states clearly that we are balanced on a knife edge between one future that can offer decent work, balanced development and better standard of living and another one which would plunge millions more people into unemployment, poverty and suffering. The first option is evidently the only option for us, the alternative will not work. The alternative is likely to destroy us as a people.

Madam President, those persons who know me will know my unrelenting sense of optimism, and strong belief that we can indeed overcome challenges and emerge stronger than ever when we work together. The road ahead will not be easy and it will not happen overnight, however, it would require your collective will. [*Desk thumping*] Madam President, in my previous endeavours, and now as Minister of Labour and Small Enterprise Development, there has always been the recognition of the importance of decent and productive employment, which in maintaining a sustainable economy, and I intend to do all within my power to achieve this objective.

An important measure for increasing employment and boosting the economy is the creation of labour market efficiency, which is matching the right skills with the

right jobs. Madam President, efficient and effective labour markets are crucial for a nation to effectively compete in the international marketplace. I want to share the findings of the Central Bank of Trinidad and Tobago Labour Confidence Report of 2016 to demonstrate the issue that exists in our nation. It reported opinions provided by employees, employers, the self-employed, and trade unions on the state of the Trinidad and Tobago labour market in the following manner: they identified a mismatch between skills and available jobs in the market, too many instances of unfair hiring practices, unemployment among youth is unacceptably high, work ethic is generally poor, and there is often a desire for a higher income without increasing productivity.

They identified worker absenteeism is very high, wide income inequality, and the middle class is neglected. Many instances of unfair labour practices and nothing is done about it, and the widespread use of short-term contract work undermines job security and therefore limits economic advancement.

Madam President, I would just like to pause at this point in time to share with the national community, to share firstly with this House and, by extension, the national community, that the hon. Prime Minister, at the level of Cabinet, appointed a Cabinet committee to address the issue of contract work. Further, the hon. Prime Minister has agreed for a workshop on contract labour, and that is going to be held under the aegis of the Ministry of Labour and Small Enterprise Development in the month of March.

At the end of such workshop I am hopeful that a skeletal framework will be developed in terms of identifying the methods, the ways and means that we in the public service and public sector, public enterprises, can reduce our dependency on contract labour. Contract labour does not necessarily equate the kind of decent work we want for the people of this country. Many persons on contract cannot face

a financial institution and raise a loan to do anything. Subsequent to that workshop, the results would be fed into the Cabinet appointed committee and, therefore, before the end of 2016, Madam President, I am quite sure there would be a draft policy, or a Cabinet-appointed policy following that large consultative process.

One of the most glaring issues that affect businesses, workers and prospective workers, as well as the levels of productivity, is skills mismatch. This Government will seek to address this issue through the use of employment exchanges at the regional level. This aim to reduce levels of static and seasonal employment by responding to the skill needs of the community via businesses and households by sourcing the appropriate persons who possess these skills. Unemployed persons will be encouraged to register with the employment exchanges, thereby facilitating more targeted assistance to this vulnerable group.

Madam President, we will also ensure that this system works as a much needed employment and skills demand database from the ground level, and it is one of the best ways to collect such information. A robust labour market information system can assist students in choosing their field of study and career choices, assist educational institutions in curriculum development, thereby encouraging persons to become skilled in the areas that are needed by businesses in Trinidad and Tobago. This in turn supplies businesses with the human resources that they need to flourish and boost the economy.

Madam President, this framework of operation is as a result also of dialogue with the trade unions, with the employers, and with all the chambers of Trinidad and Tobago, those consultations I held between September and December. Madam President, combating our economic situation also requires us to increase economic activity and, ultimately, employment with particular emphasis being placed on exporters of goods and services. This will have the twofold effect of increasing

foreign exchange, as well as the development of industries that would diversify our export base away from oil and gas. Innovation, particularly in the export sector, will therefore be encouraged and supported.

Madam President, one of the crucial areas for a significant investment which can have a multiplier effect in the economy is that of small business development. The International Labour Organization in its 2015 Report on Small and Medium-sized Enterprises and Decent and Productive Employment Creation has stated that small businesses account for two-thirds of the jobs created worldwide. It is estimated that small businesses account for approximately 90 per cent of business establishments in Trinidad and Tobago, highlighting the need to ensure that the appropriate enabling environment, financial and otherwise, is in place to foster their growth and development.

In that respect, Madam President, the new role of the National Enterprise Development Committee would be pivotal and enabling to the diversification of the economy by expanding the small business sector. Madam President, as you can therefore see, my Government has a very clear plan to boost small business development, which is really based on seven platforms, namely: one, the realignment of NEDCO; two, institutional strengthening; three, enhanced legislation; four, a new and enhanced suite of tax incentives; five, more in-depth small business training; six, expanded and customized funding facilities; and, seven, expansion of new business cluster.

12.30 a.m.

Madam President, this administration is committed particularly to creating new and sustainable jobs for our young people whose unemployment levels are more than twice that of the national level. We are also committed to training and retraining our people, in helping many small businesses to get off the ground, in

building capacity in the labour movement, and so much more developmental activities that would yield lasting benefits.

Madam President, with regard to the employment outlook, the International Labour Organization has predicted that global unemployment will increase by three million in 2015 and by a further eight million in the following four years, meaning 2016 to 2020. The global employment gap, that is the number of jobs lost since the start of the crisis, currently stands at a whopping 61 million, and it has been estimated that an additional 280 million jobs need to be created by 2019 to close this gap. This is the medium term outlook that we are facing.

However, intrinsic in the creation of better jobs is increased productivity. Greater levels of productivity benefit the workforce through better wages and rewards. It also enhances better working conditions, enhanced opportunities for personal development, a greater stake in the operations of enterprises and a better sense of fulfilment and meaning in life, but most of all it practically ensures the survival of their area of business and their very own continued employment.

Employers reap the benefits of better opportunities for innovation, improved ability to attract investment and finance, improved ability to pay better wages, more efficient and effective enterprises and also improved profitability. Productive workers therefore translate into profitable and competitive enterprises, and competitive enterprises are the building blocks of competitive economies.

As a country, we have been favoured with abundant resources and we owe it to ourselves and to the future generations to ensure that we use those resources, especially our resources of talent and creativity, in the most effective manner. The core responsibility, however, remains developing a productivity culture in which, at the individual level, each of us recognizes and accepts his or her responsibility for the productivity of our country. [*Desk thumping*]

Madam President, these are some of the measures that are necessary to enable growth in our economy today. However, my Government is concerned, not only about growth today, but also growth that would ensure our future generations to live comfortable lives. This is what sustainable development is all about.

We have to maintain employment, moderate wage increases and discourage excessive profits. This national tripartite mechanism, which I shared earlier that the hon. Prime Minister is working on, will soon be initiated and it can assist in developing and implementing creative solutions to developing challenges by drawing on the collective wisdom of the real players in our economy. For this to work effectively there must be trust, respect, openness, shared responsibility among government, business, labour and civil society and, above all, commitment to the national good.

We also recognize that the economic and social challenges before us present an excellent opportunity to bring the social partners together to develop collaborative solutions that can go beyond employment. It can straddle the creation of innovative export industries. The national tripartite mechanism will provide a forum in which the real players in the economy can become active partners in the decision-making process in the best interest of Trinidad and Tobago.

This approach is endorsed in a 2014 report entitled, and I quote: “Small States and the Commonwealth, Strengthening Resilience for Sustainable Development”. This report notes that the key to development for small States is partnership. It implies that all people, including the poor, the women, young people, persons with disabilities and others, have the right to participate meaningfully in governance processes and influence decisions that affect their welfare. *[Interruption]*

Madam President: Hon. Minister, you have five more minutes.

Sen. The Hon. J. Baptiste-Primus: I am almost at the end, Madam President. Thank you.

Undoubtedly, the type of governance system that this administration is committed to will ensure that this country does not continue its downward slide, and that we are not caught in a debt trap, but rather that the country is placed on a path of sustainable development in the shortest possible time.

Madam President, earlier I had indicated that this is a crucial year in the determination of our country's future. It is a year we need to take some different and sometimes tough decisions due to the wanton wastage of the last government. The present economic scenario is one in which we must reduce our demands while being innovative and creative, and make smart and prudent investment decisions. A sensitive and balanced approach adopted by all of us would lead to a stronger economy and also a fairer society.

Madam President, I believe that faced with economic and social challenges in our society, our people will rise to the challenge and show them how it is done. As a matter of fact, it is the reckless, untruthful and corrupt ways of the last government that are responsible for public officers and other workers having to wait to be paid their salary arrears. Worse, that government is also responsible for also these workers having to lower their expectations.

In closing, each and every individual in Trinidad and Tobago must recognize that they do play a role at this time. They must commit their intelligence, attitude and resources to the cultural transformation which will manifest itself into increased productivity, prosperity and pride.

I thank you, Madam President.

Sen. Rodger Samuel: Madam President, I appreciate the opportunity to speak and to deliberate a bit on this Finance Bill entitled "An Act to provide the variation of

certain duties and taxes and to introduce provisions of a fiscal nature and for related matters”.

But before I get into my discourse, I want to put on record that I was very much saddened that the hon. Attorney General used this House for some kind of personal vendetta, some kind of personal attack, and that the hon. Attorney General stooped, to me, to the lowest. [*Interruption*]

Madam President: Senator, let me just interrupt you. I do not think you should be making that kind of imputation against a Member of the House.

Sen. R. Samuel: I am so guided, and I do not want to say that one cap should fit all.

When the Minister of Finance presented his 2016 budget, he used a word that took me to do some research. He said that the model for his economic approach was based on the Indonesian model. I went to search this Indonesian model. [*Interruption*] Check back your speeches.

Hon. Imbert: Give me a chance; get your facts right.

Sen. R. Samuel: Are you going to silence him?

Madam President: Continue, Senator.

Sen. R. Samuel: Madam President, I found nowhere where this Indonesian model was ever explained, talked about. As a matter of fact, in looking at the entire situation, that was a model that nobody knows about. At the end of the day, this present Government continues to cast aspersions and blame on everything.

I heard the Minister of Labour and Small Enterprise Development in her discourse say that she will not listen to the Opposition; she will not listen to Sen. Wade Mark, because people who take you into situations cannot help you out of it. I am surprised, because I had to question myself. Were these not the same kind of personalities involved in the labour movement that used to strike and protest, [*Desk*

thumping] and say do not work, and if they do not get paid—I am surprised that they took us in and now she is attempting to pull us out. I am surprised that now the shoes are on the other feet that the tone and the message is different. If the hon. Minister was still in the labour movement she would have been protesting outside. She would have been protesting vehemently. She would have said to workers, “We will march. We will protest. We do not want no talk. We want we money.” That would have been the hon. Minister in her former incarnation.

Sen. Baptiste-Primus: I did my job.

Sen. R. Samuel: Now it is different, and I say to myself: Wow, what to believe? Is it a turncoat? Is it an operation of convenience? Is it a buyout, is it a sell-out? Is it that kind of thing we have to deal with? I am quite concerned so I do not know what to believe. I do not know what to believe. [*Crosstalk*]

Madam President, in this variation of duties and taxes I found myself taking heed to statements that the hon. Minister of Finance made, as well as the hon. Prime Minister. The hon. Prime Minister reiterated, and it is published in yesterday's *Express*, that there was an issue with the collection of VAT, that the mechanism for collecting VAT was not in place for many, many years and that what should be and what should have been collected has not been collected and something has to be done in the collection process.

12.45 a.m.

And I got from the both statements that there was a serious issue with the system—the mechanism. How would the relevant authorities set the mechanism in order, in place, to collect, to monitor the entire issue of VAT? But when you have a problem of that nature, Madam President, I would think that the first approach would be to fix the flaw, fix the flaws, fix the problem, make sure that the machinery is correct and then you monitor the effectiveness and then expand it where necessary.

I did not realize that the way to fix a problem is to expand the demand. I did not realize to fix an issue of collection is to broaden the base of the things and the items to collect on. I did not think that is the only approach, but to set the mechanism in place, to get it right and then expand the boundaries and the borders where necessary.

But this was a “kinda hablash kind ah move” because in the budget presentation, the Minister promised and suggested that he would collect some \$4 billion up front in his thought patterns of VAT adjustments; reducing VAT and collecting more. And I found it very strange and I have the same issue, Sen. Taurel. I had the same issue that you had. I have the same questions. Because the mechanism for collection was the problem. There was no system in place, Sen. Franklin, to make sure that who is to pay VAT and where it was supposed to be paid and to check and balance, and those people who are not paying VAT to be penalized by law and stuff like that. Nothing like that has been in place nor is it in place. But they have to now collect more. And they have broadened the scope of collections, and I found it difficult to balance it through.

As a matter of fact, if the problem was the mechanism, what has been done, thus far, to deal with the mechanism? And two, when this thing is put in place from February 01, what is going to happen if the mechanism is not in place? I understand that there is going to be some kind of revenue authority down the road. What is happening in the meantime between now, when it happens in February, and the VAT has to be collected?

Not only that, Madam President, but the Minister reiterated the fact that they want to encourage buying local and many have reiterated that we need to stop consuming processed foods, many of which are also processed locally and to buy local. And the Minister of Agriculture, Land and Fisheries is not here but he would

also reiterate the fact that even the food and the fresh food that you are buying in the market is highly chemicalized. So you are running from one aspect of poison and you are running smack into another aspect of poison. And I see Minister Franklin Khan smiling. But it is a fact.

Sen. Khan: I am always.

Sen. R. Samuel: I know you are always smiling, but this one made you smile a little more. But it is a fact, Madam President, that you run from one into other and at the end of the day, if we are to buy local why it is, if we are to stimulate local business and buy local, why is it that locally processed foods were not on the zero-rated listing to encourage buying local, to encourage turnover, to encourage sustainability in those businesses that are involved in processing foods and stuff like that. Because it is not every day you can go to the market, Madam President, and buy pigeon peas. It is not every day you get stuff because—am I right? The agricultural sector is not what it is supposed to be. So at the end of the day people turn to processed foods as an alternative to the thing that you cannot get in the market.

At the end of the day, Madam President, it is important for us to understand that if there are no mechanisms, if the model used for economic development is huge, if for some reason that has not happened and that now the tool being used by this present Government is what the Minister of Rural Development and Local Government says is their manifesto that becomes government policy. And every time he talks about it, I go back and read it.

Sen. Khan: I have a copy here.

Sen. R. Samuel: Look it there. Look it there. Yeah. Yeah. [*Crosstalk*] But I recognize that to manifest anything means to sort of readily perceive it by the eye or understand the thing effectively. So I read it to try to understand it and I realize,

Madam President, that they misrepresented the term “manifesto”. That really it is a “manifest zero”. [*Desk thumping*] And if the manifest zero has now become government policy, then I realized that what evolves from this government policy is zero. So there are zero plans. [*Desk thumping*] There is zero direction. There is zero policy and now out of zero we get zero.

Madam President, this is something that is important. The Minister talked about it will only cost the average family a small increase with this new implementation of VAT. He said that—\$50. I “doh” know where they got their facts from. Because the people at the lower echelons of society, the lower income in the society are the people whose families are larger. So you have parents and in the lower income brackets with five and six and seven children.

Hon. Senator: Correct. I have five.

Hon. Senator: Oh. Good.

Hon. R. Samuel: And those people were not told that we—when they promised to reduce VAT, sounded good. What these people did not realize, I am going to reduce VAT, but I am going to take back your school books. I am going to reduce VAT, but I am going to take back such and such. I am going to reduce VAT, but now you are going to have to pay for such. That was not told. Because I am certain if that were told, people would have been thinking differently. It is one thing to say, “I will reduce VAT” and it sounded like a statement we could trust. But we did not realize that there was a double message, a sting in the tail. We did not realize, Madam President, that while we were reducing and giving people the impression that we care about the poor and we care about people, that we were pulling back from those families that are earning low incomes and have broad-based families, some single mothers and some single fathers who are maintaining their children all by themselves.

So, I am surprised that up front it was never mentioned and it says that the trustworthiness of the presenter of these things is something questionable, that there is a hidden kind of agenda. There is something behind it. So every time they speak, every time the Minister speaks, I am trying to figure out, I wonder what is hidden behind it? I wonder what is in the hidden agenda. I wonder what he is coming with next. Because this cannot be taken at face value. It cannot be taken at face value because at the end of day the people who will feel it the most are people at the lower income level; low income level people.

Madam President, and I believe that there is no heart, there is no compassion, there is a kind of heartlessness. As a matter of fact, you know, we have said that, we are going to put it that way and that is it. In other words, we really do not care what you—and it reminds me, Madam President, of talking about consultations in the back and consulting with society and then doing something. I remember in the days, the same regime in past, the same regime, the same party, the same institution, where in the days of smelters and stuff and I said okay, let us consult. And before the ink on the Minutes of the consultation dried, we were getting three the very next morning. And it says, Madam President, that something is wrong because it is about the inability to trust up front the words of the presenters of these Bills. It is the inability because there is always the belief that there is something hidden behind it.

Madam President, there was once the word, the phrase or the acronym PNM means People's National Movement. I believe now that acronym means that the "poor never matter", that people never matter, [*Desk thumping*] that it is all about how they think and what they do. As a matter of fact, Madam President, you know, the idea—subsequent governments have suffered from previous governments. Subsequent governments have suffered or they declared that they suffered based

upon the work or the inefficiencies of the governments that went by before. That has been the culture of this country. But at the end of the day, where are we going? What is the direction?

I remember when the campaign started and I heard the phrase “we red and we ready”, it blew my mind because I heard that somewhere. And then it was just recently, you know, in meditating I remember as a child when parents wanted to kind of frighten us into not doing bad stuff, they would get us these little—there were these produced religious comics, small ones they used to hand out my parent had. You know these little comics and the little cartoons. And there was this cartoon, Madam President, of the devil in this red suit with red horns and a red fork in his hand and flaming, and he is telling his imps and them who are flaming likewise, “are you ready?” Are you ready to put pressure on “dem people who trying—are you ready to do that?” You know, only when I heard, reflected on the term “red and ready” that little comic came back. That the pain that people are about to suffer, the stuff that is taking place, it appears as if the “red and ready” was ready to instil pain, ready to instil harm; ready not to have compassion upon people who are earning less and all of that kind of situation. Because now, Madam President, a single mother with three and four children will have to now, besides having a reduction in those things that would have alleviated some expenses, will now have to find the funds to do that and now find the funds to pay for school books, find the funds to do quite a number of things that put more pressure, more social pressure on people, and then we say, let us do it together.

I am quite concerned. I am quite concerned because, you know, those in Government are the professionals of propaganda. [*Desk thumping*] If they want to destroy you or stigmatize you, they can say it with such professionalism that when they are through with you, you cannot raise your head.

Madam President, I remember what—in the 1990s they said to this nation that Mr. Robinson put a dragon on the Red House. And so sad to say that people bought it. Because when they are ready to destroy you, they can. People bought it lock, stock and barrel. And it was bought so well, Sen. Mark, that on Tuesday, February 12, 2008 there was an interview on the papers. And listen to this—the Editor.

1.00 a.m.

“I read on Page 8 on today’s edition of the People’s Paper that...Winston “Gypsy” Peters, said that the Hon Minister of Works and Transport, Mr. Colm Imbert by removing the Sea Serpent/Dragon he ‘defaced and desecrated the Red House and destroyed 80 years of history.’

Listen to this. Listen to this. “Fuss they are good.”

Maybe the good MP for Mayaro was not in town long enough to remember that the Dragon only went up in 1986 after the Weather Cock (which was there from 1956) was un-ceremoniously removed by the NAR regime.

People believed them. That thing was there since 1907. Now, now, listen to this:

In the still of night there was a movement and a crane in the rain to try to pull down the weathervane, and it is was job...

—Madam President, if I could rhyme—only for the insane. [*Desk thumping*]

Madam President, it is a kind of heartless kind of proposition that we have. So, an entire nation heard that a man put a dragon on the Red House and it is spewing fire and Barclays Bank on Hart Street began to burn, and you hear them saying, look the dragon spitting fire, and then they stigmatized one of the statesmen of our society and they said that he sold out the nation because he was given an honorary chieftain, and all kinds of stuff. At the end of the day some of the same people who were there then are here now, and if people who took you in cannot take you out, some of the same people who were there then are here now, and if the saying is

true, then they cannot take us out.

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

Hon. Senator: He is sounding pathetic, “eh”?

Hon. Imbert: If.

Sen. R. Samuel: You should have heard yourself. You should have heard yourself. You should have heard yourself, gosh! You should have heard yourself. [*Desk thumping and laughter*] [*Crosstalk*]

Madam President. Madam President, oh my goodness.

Hon. Senator: Mr. Vice-President, eh.

Hon. R. Samuel: Mr. Vice-President, sorry Sir. [*Interruption*] Mr. Vice-President, I wish the Minister of Agriculture was here, because the Minister of Agriculture— [*Continuous crosstalk*] Could you help me here, Sir?

Mr. Vice-President: Oh, continue, continue.

Sen. R. Samuel: Thank you very much.

Sen. Mark: Control the Minister of Labour and Small Enterprise Development.

Sen. Baptiste-Primus: Why you did not control yourself in the other place?

Sen. Mark: Why you so emotional? Emotional.

Sen. Baptiste-Primus: Misleading the population.

Mr. Vice-President: Hon. Member! Hon. Members! [*Crosstalk*] Hon. Member! [*Crosstalk*] Hon. Members!

Sen. Baptiste-Primus: Sorry, Mr. Vice-President.

Sen. Mark: Girl have some respect for this House, “nah”.

Mr. Vice-President: Senator, I am on my feet. Please, silence in the House while I am on my feet. [*Interruption*] Senator!

Sen. Baptiste-Primus: But, he is on his feet.

Sen. Mark: “Well, all yuh control this wild woman.”

Mr. Vice-President: I am asking everyone—

Hon. Senator: But, he is crazy.

Mr. Vice-President: Hello, excuse.

Hon. Imbert: “All yuh” listen to the Vice-President.

Hon. Senator: The Vice-President is on his legs.

Mr. Vice-President: I am asking everyone from this moment forward to please remain silent while the hon. Senator is making his contribution. Thank you. [*Desk thumping*]

Sen. R. Samuel: Thank you, Mr. Vice-President. Exemplars to the society.

Mr. Vice-President, when the Minister of Agriculture got up to speak last night, he gave us the same discourse that he gave us in the budget presentation. He just read the same thing over and over, but at the end of the day he never said to us what is going to happen with food production in the short-term. He says he is about different approaches. He said that nothing was happening, because he said there is no praedial larceny unit, but from my investigation—I made some calls—that there was a praedial larceny unit installed in the Ministry of Food Production.

As a matter of fact, the previous regime had their unit and the officers reported in the police station, and they were having tremendous problems in the police stations where they were placed. The reason for that is that they started to call them chicken police and cow police. They started to intimidate these officers in those units, and the officers then began to sort of pull back because they felt that is a lot of intimidation, and some of them were absorbed in the police service eventually as SRPs and stuff like that.

But, there is a praedial larceny unit that began to go out to meet with these farmers, and began relating to farmers so they would begin to understand what were the plights of the farmers and areas where praedial larceny was rampant. So, for the

Minister to say there was none, there was a praedial larceny unit from my review of it and my questioning. Not only that—[*Interruption*] Mr. Vice-President?

Mr. Vice-President: Please, continue.

Sen. R. Samuel:—but, at the end of the day, quite a number of things have been shut down. The bamboo aquaculture that was viable and striving, that has gone to bits; the Marpa Farms that was revived tremendously, all the contract labourers have been cancelled, there is a problem going on there; the YAPA programme that they did not renew the director's contract, Dr. Ali's contract, so that has kind of fallen apart; the large farm coordinator, he has not been renewed, so that has fallen apart. So, quite a number of things that were in place have subsequently been destroyed, and now they are saying that nothing was happening.

Mr. Vice-President, that is why I keep saying that when they speak you have to wonder what is behind all of this. What is going on? What is the double message? What is the first impression, but what is the lasting issue that would happen, the pain that would come at the end of it? So, at the end of the day there was a negotiation that was fulfilled between Nestlé and the Ministry, and what was happening is that in the Ministry of Food Production, Nestlé had agreed that a percentage of their sales on milk would go towards the purchasing of dairy herd.

So, they would pay one-third and the Ministry would pay one-third, but the farmer would benefit from it by just paying the 50 per cent. That was part of the agreement that was taking place at the Ministry of Food Production. Not only that, but they had reached the point where they were no longer going to import pregnant cattle, but there was this entire situation of embryo transfer, embryo transplant. In other words, they would purchase the embryos and the embryos would then be instilled and put into the cattle here so that they do not have to suffer the consequences of loss, shipping pregnant cattle to Trinidad and Tobago, and the

cattle becoming shocked and the young dying and stuff like that. Those were the mechanisms that were in place in the Ministry of Food Production.

So, when I sit here and I hear the Minister complain, complain and it is the same refrain over and over, the same song over and over, not even a different “riddum”, not even a different beat, it is the same thing. I am bemused that at the end of the day he has no idea of what he is doing. At the end of the day, no idea what he is doing, Mr. Vice-President. [*Desk thumping*] So, Mr. Vice-President, at the end of the day—[*Interruption*—would you silence the Minister of Finance?

Mr. Vice-President: Please continue.

Sen. Mark: Well, all you have to do is just—he is the man in charge of the *Su*, so you just have to take him out. If the Vice-President does not want to control him, he has to take charge.

Hon. Imbert: You in charge here? You in charge here?

Sen. Mark: No, he has to be in charge.

Hon. Imbert: You in charge? Mark in charge. [*Crosstalk*]

Sen. R. Samuel: Indiscipline! Indiscipline when the nation watches this—indiscipline of Ministers.

Mr. Vice-President, so at the end of the day, who feels the pinch? Who suffers the most? Who is affected the most is what we need to be discussing. It is not the idea of instilling pain and smiling. As a matter of fact, I have seen people who can instil pain and smile. I have seen that with a smile. I have seen people in this House who can say, take that, we in charge. As a matter of fact, the propaganda is so great that now the propaganda has become open. That Ministers of Government still talking about “jumbie” from Tobago, and that kind of nonsense, because they pray on a kind of superstitious kind of a mind of a nation who will believe all kinds of nonsense in order to enslave people into a sense of stupor.

Mr. Vice-President, enough is enough, you know. For the last four months, we are going in four months, this Government has not presented a comprehensive plan and approach to this nation. [*Desk thumping*] For the last four months. No comprehensive policy. It is as if we wake up on a morning and they come up with an idea, and they say, ah ha, boy, let us take it to Cabinet, we are going to kind of fool the nation with that, so we are going into ago-processing as of Thursday. And next Thursday—"we running dead on ideas, boy, anybody have a lil idea? Oh, let us go and make plywood". Or some kind of "vaps" that is taking place.

I appreciate the honesty of the hon. Minister of Rural Development and Local Government. I appreciate your honesty. I appreciate your honesty and the level of your maturity. I cannot say that across the board, but I do appreciate your honesty, because you clearly said that no one Government is responsible for where we are. I mean, you try your "lil" politics at the end. That is all right. That is a "lil" thing, I respect you for that. But, I personally appreciate your honesty. I appreciate your honesty. I do. And that is the level that will pull this country together. That is the level approach that will cause us to now work and develop. But, you are saying that in one breath and then people in other breath say, we do not listen to them. [*Interruption*] Hear the nonsense.

Mr. Vice-President: Senator, you have five more minutes of speaking time.

Sen. R. Samuel: Yes, but hear the nonsense from big people, former union leaders talking crap. [*Interruption*] Hear nonsense.

Mr. Vice-President: Senator! Senator, could you please refrain from using that kind of language against Ministers.

Sen. R. Samuel: I would not say the Minister is talking crap. I withdraw the statement.

Mr. Vice-President: Thank you.

Sen. Baptiste-Primus: They could coddle you so they retrench you.

Sen. Mark: What “bacchanalist” woman.

Sen. R. Samuel: You want me to respond to her, Sir?

Hon. Senator: Continue, forget her.

Sen. R. Samuel: Because I could respond to her, “eh”.

Hon. Senator: “Yeah, yeah”.

Sen. R. Samuel: I could respond.

Hon. Senator: Nonentity, just go ahead, “nah”. That is a non-entity.

Sen. R. Samuel: I could respond—[*Continuous crosstalk*]

Mr. Vice-President: Members! Members! Members! [*Interruption*] Hon. Members, again, he has a few more minutes to wrap up his contribution, I would like him to do so in silence. Hon. Member, continue. [*Desk thumping*]

Sen. R. Samuel: Mr. Vice-President, if you do not know where you are going, you can put no plan to getting there. This Government does not know where it is going, and that is why thus far they have no plan to get there. And they could continue to bandy about, and stigmatize, and do all kinds of stuff, sing the same song over and over, but until we see a comprehensive plan, until we see a comprehensive policy, until we see a comprehensive approach to the way forward, regardless of what they say and regardless of how they say it, and who they attack, and who they talk down, it will still end up being that what they have presented to the nation is a manifest zero. And until then it will be a manifest zero, and we will get nothing from zero, Mr. Vice-President.

I thank you. [*Desk thumping*]

1.15 p.m.

Mr. Vice-President: Thank you. [*Crosstalk*] Senators, hon. Senators, I am on my feet. When I am on my feet I would like silence in the Chamber. I would just like

at this time after thanking Sen. Samuel for his contribution to remind Senators of Standing Order 51(e), (f) and (g). Okay, I will not like to go as far as to invoke those Standing Orders but please be reminded that we should maintain a certain level of silence in the Chamber while a Senator is making his contribution. Sen. Small.

Sen. David Small: [*Desk thumping*] Thank you very much, Mr. Vice-President. Mr. Vice-President, I join in this debate at 1.16 a.m. on January 16, 2016, and we are here to talk and to contribute on a Bill that I will say, right now in front of me, the provisions contained in the Bill, I may not necessarily be excited about all of the provisions in there, but also I would say that I operate in the real world. And when I look at the situation facing the country I hear a lot of talk about, what is bad, what is good, but my position is simple. If anyone, anywhere has something that they can bring that can do it better than this, bring it to the table, otherwise we are just going through a set of motions here that is really wasting everyone's time. Mr. Vice-President, as a Senator without portfolio I wake up every morning and I say, I make my peace with the Father. I am thankful for all that I have been able to achieve in my life and I say that when I go out to do something I try to give out my best every day, even if it is this early in the morning. But then again, on more than one occasion I question, why do I even do that? And one of the reasons you do that is that, in spite of the fact that you think you are in control of everything around you that it is an internal acceptance that there is a greater force who is really guiding things. And this is where we are, we are a country, we are hostage or captive to the vagaries of the market.

When we consider the data, Mr. Vice-President, and the data is always interesting because I, like my colleagues here on the Independent Bench, I try to make sure that when I come here I can support what I say. When you look at the data, Mr.

Vice-President, for WTI, West Texas Intermediate, and I want to spend a couple of minutes on the oil prices. In the entire history of oil prices in the period 2010 to 2014, WTI average, \$91.90, which is the highest ever in the history of WTI. If you go back to 2005 to 2009, the WTI average, \$71. If you go back to 2000 and 2004, WTI average, \$31. If you go back 1995 to 1999, WTI average, \$18. So the past 20 years I have seen the average price for WTI go from \$18, to \$31, to \$71, to \$91. And one would have thought, I try to go back now to see what happened with the Heritage and Stabilisation Fund as far as it started. And it is interesting, you look back and you see that the past five years there was, in terms of input into the fund, probably about \$1.2 billion over five years at a time when we had historic oil prices, historic highs, historic revenues.

There is a mismatch, Mr. Vice-President, and I say that deliberately because one of the things that has not been said in this room today is about sustainability of government actions. We continue to want to question actions of X government and Y government and we need to understand that the sustainability of policy actions by the Government runs to the heart of the process.

It would be unreasonable, Mr. Vice-President, to expect any policy direction or prescription of a government to withstand all possible future scenarios. That is unreasonable. But we should understand by now, after 109 years or so of producing oil, that we are actors in a global business which, by its very nature, is unstable and subject to periodic large swings that can play havoc with our economic fortunes.

This is the reality for my contribution here, Mr. Vice-President, because I can ask a simple question: was it sustainable to remove VAT from food items, over 7,000 food items? Was that a sustainable policy action? I am not going to even try to answer it. I am asking the question. Because we have to sit and try to understand

that when we do things here they affect the entire economy. And as whomsoever is sitting in the corridors of the administration should be thinking and putting things on the table that are sustainable. So that, I ask again: Was it sustainable to remove VAT from 7,000 food items?

Mr. Vice-President, one of the things we have to deal with in this country is the issue of trying to say—everyone talks diversification. And as I have shared on probably a few occasions in this august Senate, diversification as it is now it is something out there that we are trying to reach and it seems permanently out of reach. And here is why. We have a system of subsidies that supports a lot of what we do in this country. And there are a lot of people who do not understand how serious this is. Trinidad and Tobago, I would say it again, Trinidad and Tobago has the cheapest electricity in the Western Hemisphere save and except for Venezuela. Every time I am in Europe and I tell my colleagues and I say, I am not boasting, it is a statement of fact, the Government of Trinidad and Tobago subsidizes electricity for every man, woman, child, business person in this country to a massive amount of money. It is a large amount. We have subsidized fuel. The water rates we pay are subsidized by the Government. The Government is carrying a huge load and taking everyone along. And that is only sustainable for so long. These are things that people have become used to and I understand the politics part of it. I think the honourable Attorney General indicated that we are all politicians in this space. I am not going to challenge my erstwhile colleague. So I believe that the time is here, we have an opportunity to address some of these issues. These are hard tough issues because there is a political dynamic and element and consequence to some of these actions.

I was sharing with my colleagues that this morning the State of Qatar, I saw in the *Gulf Times*, yesterday morning, the State of Qatar sits on \$975 billion in its

Sovereign-Wealth Fund.

[MADAM PRESIDENT *in the Chair*]

This morning they increased the price of premium and regular gasoline by 35 per cent. And these are countries that can easily sit back and say, I have \$975 billion, I can rally a little while. No, they are taking measures now because that fund is for other purposes.

Norway, I was reading this morning, again, Norway has over \$800 billion in its sovereign wealth fund and Statoil, the State company has sent home several thousand workers and has offered VSEP to all the other employees in the company. They do not expect everyone to go, but the position of Statoil is that they have seen that they have to ride this out, and the only way to ride this out is to cut cost. And I will deal with that later on in my contribution, because while we are trying to understand how we get more revenue, we have to find a way to really look hard at how we cut cost.

Now these countries are different from ours. We have a special dynamic here. I think the hon. Attorney General in his contribution said that the Government's position is that they are trying to preserve jobs, wonderful. My colleague here indicated that as a businessman he is willing to do his part to support what the Government is doing, but if the money is going into places that are not productive or not optimizing the use of that money then it is a disincentive. And it is defeating the purpose of the sacrifice that perhaps the business sector is seeing that they are making. So there needs to be a happy medium. There are several state enterprises or state entities that could probably use a harder look, sharpen the pencil to see how we can make them, even if we want to provide jobs we need to improve productivity. At the very least we need to tackle that. And I say that deliberately, Mr. Vice-President.

I want to quote a couple of numbers here from the Global Competitiveness Report 2015-2016. And I like this report, Mr. Vice-President—forgive me, Madam President, because often we quote from all sorts of international reports and we are wondering well, where did they get the data? When you look at the data for Trinidad and Tobago, the contributing organization at the Arthur Lok Graduate School of Business and the University of the West Indies at St. Augustine—so while this is the global report, the contributing organizations exist here and are real organizations. So there is some level of validity to the numbers. When they disaggregate all the competitiveness factors in the country there is one called labour market efficiency, there is a factor called Co-operation in the Labour and Employer Relations. Out of 144 countries Trinidad and Tobago ranks 137. *[Interruption]* Well, that is not a good ranking, it is not a good ranking, 137 out of 144 in labour employer relations. Okay.

Capacity for Innovations, Trinidad and Tobago ranks 106 out of 144. So I understand the drive and I am not saying that we should not be looking to try to diversify but diversification continues to be out of reach because it is very comfortable doing business up to a point in Trinidad and Tobago because of the large subsidies, no capital gains tax and you get all sorts of other things built into the system that up to a point it makes business, being in business comfortable. You are not really challenged and you are not facing the real cost for a lot of the inputs, and that is a reality. There is no easy fix to it because you are going to get complaints no matter what you do. Overall, Trinidad and Tobago ranked 89th in that report, out of 144 countries. When we are trying to fix competitiveness and we want to understand what we have to do to diversify the economy we have to understand that there is going to be a short-term goal, a medium-term goal and a long-term goal.

I have zero envy for the Minister of Finance in his job where he is right now, because the position of the oil markets is a position that even I at this point last year if you had asked me—I am saying, listen oil will be at, I think it closed at \$29.44 WTI, yesterday afternoon, \$29.44. And I just want to share one little dynamic with that. WTI, West Texas Intermediate is called a marker crude. The actual price received by different countries depends on the relative quality of their crude to that marker. Our crude, that Galeota mix that goes out, depends on the particular mix of that batch, sometimes it is at a premium, sometimes it is at a discounted WTI. But if you are in the Government of Canada right now, you are screaming because the Canadian blend of crude, it trades normally at a discount of \$13 to WTI. So they are losing money. They are earning \$16 a barrel right now. That is absolute pain. That is pain. The Mexican crude trades normally at an \$8 discount to WTI. So rather than \$29, they are getting \$21. The business cycle that we are in now is one where Governments over a period of time through all the normal forces expenditures have gone up. This type of hit on the economy is hurting everyone and we have to be approaching this with a different methodology. I have listened well to all the valuable contributions made earlier this evening and I think that, for me I say this.—We have a situation where as eloquently described by my colleague here there is a large deficit. And there are many reasons for it. I am not going to go into those, those reasons have been well articulated. If I am sitting as the Minister of Finance and I have a large deficit and I need to fix it now, what are my options? I can say, listen, I can tell Petrotrin, listen, send home 2,000. I can tell this company, TSTT send home 1,000 people. I think TSTT has 13millionaire VPs on their payroll. You can check that—13 millionaire VPs.

Hon. Imbert: I would not doubt you.

Sen. D. Small: That statement is a fact.

Hon. Imbert: I would not doubt you.

1.30 a.m.

Sen. D. Small: I have no problem with people earning well. I enjoy that but if you earn well, I like to see the output. It should be reflected in the performance of the organization. When I look at the performance of the organization I am not impressed. You cannot be sitting on a state entity that is turning over \$30 billion in revenues and cannot make a profit. Something has to be done. It is the company that earns the most money in this country except for BP and they cannot turn a profit. Something drastic has to happen sooner rather than later, otherwise it is going to collapse on itself, and if that happens, then it takes everyone with it.

Let me leave that alone. The Minister of Finance is well aware, and these are issues that are not—bear with me. These are not simple issues. Petrotrin has over 5,000 employees, and then they have a whole community of contractors and subcontractors. It is a little country in itself, almost. So that these are issues that require some attention but we cannot be sitting here with an organization, owned 100 per cent by the State, turning over \$30 billion in revenues and is running at a loss. Something is wrong and it needs to be addressed sooner rather than later.

Madam President, I believe that everybody in this building would be happy to hear of a viable alternative to what is being proposed by the Minister of Finance. I believe that there tends to be, what I call, a lot of noise around the decisions of the Government on revenue-generation, and I say, for once, let us have a positive discussion—for once. Let us stop blindly criticizing and let us pull together and keep our precious country above water. And I mean that figuratively, but also literally, as I will develop a little later in my contribution.

Madam President, we are very fortunate, as I remarked at the session that we had with Prof. Stapenhurst on understanding the whole issue of oversight. We have a

real democracy in this country and we should protect it and guard it jealously. The ability to come here and speak on an issue is precious—is precious to me. I value it, which is why, when I come here I try to make sure I do the work to present something that I think is useful that is going to, at the very least, engender discussion.

But what always strikes me in some other places is that the response to national crises in the much larger or more developed—or however you want to describe them—other democracies, what you tend to see is that partisanship goes away and everyone tends to rally around whomsoever is the sitting government because it is a national issue. And that is where, for me, perhaps—just perhaps—the depth of the current crisis has not been fully understood by everyone involved. And perhaps if people understand that better, then they would say, this is a real crisis. The Government is facing an unprecedented situation, certainly in the past 15 or 20 years.

Madam President, I would share. In my former life I was a civil servant and I recall 1988, I remember my salary well. It was \$1,293 a month before tax and I wanted to do my undergraduate studies. My parents were not able to facilitate same for me. I had to make it on my own. There was a branch of Royal Bank on Hart Street at that time, and I went and I borrowed \$3,000—the princely sum of \$3,000—to pay my annual school fees for the first year, and I went back for the second year and I went back for the third year. I did it on my own. There was no GATE. GATE was probably a dream down the road.

I am saying that, not that GATE is a bad thing, but I am not sure if that programme is anywhere near efficient and whether or not all of the people who are receiving GATE really need GATE. These are some of the things that, while it might be—as I say I do not come here necessarily to be destructive or disruptive, but sometimes

we have to look at these things with a more discerning eye, especially in the current situation where Government revenues are constrained. And here is what. They are likely to be constrained for a little time going forward. So if we accept that, then we need to start looking harder at some of these things.

The reality is that the current situation in the international energy market is one that my colleague, Sen. Mahabir, spoke to, the shale revolution. All that has happened is that, all along the world market works like this. There was a market of 80 million to 85 million barrels a day. OPEC producers had 28 million to 30 million of that market. They exercise oligopoly power and they would say, "Listen, we cut production, it helps prop up the price. Things are going a different way, we want the price to come back a little bit, we increase production."

What has happened now is that the OPEC cartel has essentially abdicated their role in the market. They abdicated that market-tilting role and they have said, "Listen, we are going to rally around our customers and protect our share of the market". So that the previous party who would normally be trying to assist the market has decided—[*Interruption*] I hear you. Saudi Arabia, OPEC—[*Interruption*]—everybody is being dragged along. I accept that. But the issue there is that the market is changed and I suspect it has changed permanently. Why? Because the ability of the shale producers to produce oil and get production out there in three to four months—in a matter of weeks in most cases—is unprecedented in the history of the international oil business, and the oil majors do not know how to deal with it. Why? Because you have several thousand, probably over 100,000 shale producers who are not in a union. They are doing their own thing, making individual decisions.

I was reading in a report—an energy policy report—by the Centre for Energy Policy and Environment dated May 2015 where, based on their research, they

believe that shale producers could have break-even costs in the \$5 range. It is a piece of research. They are saying that they believe that with the existence of the technology that is on the market now, break-even—not profitable—but they think that shale producers could go as low as \$5. That, for me is scary. I want to burn this. I do not want prices to go anywhere near that.

But we cannot ignore people who are in the business, and I have been looking at it to understand where potentially, how bad it could get. The last time oil got to single digits was around 1998, and then before that it was about 1986. When you get to single digits, the market is—I mean, it is carnage. It is absolute carnage in the oil market—it is carnage.

I am sharing this to help us understand the depth of the issues. Madam President, I provided to this room the average WTI prices for the past 20 years. For 2015, WTI averaged \$48.66. The average from October to December of last year—the first quarter of our fiscal year—was about \$40. The average from January 01 to yesterday was \$33. When you think that the Minister of Finance pegged his budget on a \$45 price, \$33 represents almost a 30 per cent reduction and, as I expect will happen at the mid-year review, the true effect of that will be reflected in the economic numbers that the Minister of Finance will bring to the table. And that is where the pain is likely to come, and I am far from someone who is a—I would consider myself to be a prognosticator, but these are numbers we cannot ignore.

So that when I roll up with those numbers, I am saying, some of the discussions we are having about—I am not saying we should trivialize the fact that the Government implementing VAT on these items will not have an effect, but I say it may be the lesser of the other evil because the Government has to take a position around what it is going to do to minimize the effect on the total population.

So, from where I sit, I look at the numbers; I look at the budget. Where are the big

numbers? Public sector wage bill: \$10billion. That looks like a nice, big, fat number that we could target. The Minister of National Security, \$41 billion in the budget, another big, fat number. Perhaps the Government could say, “Listen, we could probably shave \$3 billion or \$4 billion from those. But those are things that are likely to have much larger effects than applying VAT to 99 items. That is my humble and respectful proposition.

So that I am not in the mind of the Minister of Finance or the Cabinet when they took this decision, but when I roll up, as I have a colleague who says, you start to take a helicopter view. You start to say, out of the things that are available for the Government to do, let us stop the hysterics and understand that the policy options—policy prescriptions—are limited. The Government has to find a way to plug the gap. There is going to be a combination of cutting expenditure and trying to find ways for new revenue.

My good colleague, Sen. Shrikissoon here, indicated that the deficit that we started with may end up being bigger. That is even more scary. It is even more scary, and that the fact that we increased the borrowing limits, the Government may have to go into that limit very soon, if not, they have already started to do that. And the problem here is that the forecast for this price cycle is that it is going to take probably another 18 to 24 months because right now in the international oil market there is about 1.5 million barrels per day excess of production—*[Interruption]*

Madam President: Could I be allowed to listen to Sen. Small, please?

Sen. D. Small: Thank you, Madam President. I had quoted in my last contribution that Daniel Yergin, one of the foremost international prognosticators, had said, “Listen, given where the market is, with about 1.5 cushion of production above consumption, it is going to take 18 to 24 months.” Because the important thing here—and this is the only ray of light in the business—the demand for oil and oil

products continues to grow. It is still growing and it is forecast to continue growing.

So what the prognosticators are saying, the gap is going to close but we need 18 to 24 months for that gap to close and then, hopefully, prices would get back to around \$45/\$50—

Hon. Imbert: Sixty.

Sen. D. Small: Sixty. Well, I heard \$60, but the problem for \$60, Madam President, is that, as my colleague, Sen. Mahabir, spoke shale is a real terror. Shale has the largest internal rate of return among global oil production schemes. And, critically, it has the shortest payback, and because it has the shortest payback that is the reason so many people have gone into shale. Because a shale production goes like this, and then it dries back down. So you put in your money but you get it back quickly. *[Interruption]* But the guys who are doing it now are operating on a cost of operations basis, and they are saying that “We are going to withstand where the market is going”, and the people who are financing them, they are telling them that this is the only way for you to guarantee any kind of decent return on your money. So rather than cash out and shut down the operation, this is the one way to stay in this. So they are staying in the business, in addition to the factors we talked about, about the improvements in the technology.

So I spent some time outlining the reality of the international energy business as it is structured now, particularly the oil. The situation in gas, the Minister of Finance in his budget predicated his numbers on a 2.75, I think, a return, netback on natural gas. That is much less of a challenge than the oil. It much, much less of a challenge. I think we are going to hit that mark or probably do a little better than that mark. I am not so worried about the gas portion of it. The LNG markets, right now, \$7 into Japan is not exciting; \$8 into Bahia Blanca in Argentina is great

because you get almost the same price, but the shipping time is much shorter. Minister Franklin is aware of how these things work.

So that I believe—but there are two issues in there. Cheniere is scheduled to start exporting LNG either the end of February or early March. Nobody in the market understands what will actually happen to the market when they start actually putting products on the high seas. So that is a huge, big gorilla in the room that nobody has really figured out if that is going to happen. The market will just ignore that as just a blip, or the market could take it as a potential trend that is going to get big and further collapse gas prices. Nobody really knows, and all the reading I have done suggests that the opinion is split.

So that is the one proviso in the international gas markets that I am still working on. I am speaking at a conference in Houston the first week in March, so I will be right there. I would be able to talk to the Cheniere guys directly. Because I like to be able to talk to people to understand what they are doing, what their thinking is and understand where the market is going.

So, Madam President, what does that mean for Trinidad and Tobago? The largest contributor to our national foreign exchange pool is under threat. It is under a major threat. It is under a threat that is likely to hang around for probably the next year at the very—under the most rosy circumstances for the next 12 months, it is going to be under major threat.

1.45 a.m.

The Government is trying, according to the position outlined by the hon. Attorney General, we are trying to protect jobs and stabilize the economy. The Government has a huge deficit to fund. The Minister of Labour and Small Enterprise Development is here, and the Minister of Labour and Small Enterprise Development is well aware there are commitments that the Government has made

to pay public sector workers a huge amount of money. The Government has indicated it will not renege. So that these are commitments that are hard. The Government has acknowledged and indicated they will do it, where are they going to get the money from? Where are they going to get it?

I propose to the Minister of Finance, you can decide to cut the national security budget by \$3 or \$4 billion. You can cut the public service by three or—if we understand that those are the other real options, then those are not really options. Applying VAT to the items on the list while it may not—and I am still not convinced that it would deliver all that the Minister of Finance is hoping. From a Trinidad and Tobago perspective I am hopeful, I am in the Minister's camp, I am his number one supporter, I am hopeful that it brings us closer. But for me, from where I sit, that is much more palatable, easier to administer and easier to get through in a system than looking and trying to say, listen, let us make major cuts that will have massive socioeconomic challenges in this country. Massive changes. The City of London, in the past few weeks the Government is proposing to cut the budget of the Metropolitan Police Service by about 15 per cent, and then the public outcry about crime and safety, the Government had to rethink that position and say, "Okay, we are going to leave the Met budget as is." So touching national security is not—it may be an option, it is a big fat number in the budget, but it is really a difficult number to touch. If you try to reduce the amount of policemen or police vehicles, or whatever on the roads, you send a signal to those who are bent on performing acts of daylight robbery, night-time robbery, afternoon robbery. It is just robbery, and I am not talking about the bank side. They are a special case. They do robbery in a special way. I heard one is opening on Saturdays now, so it is robbery on Saturday too.

Madam President, listen, we have—perhaps I live in what I call a normal people

area. There are people who get up every morning—I suppose some may be saying their prayers—and their job is to figure out who to rob today. That is what they do. I know it is something—the same way everyone here will put on their shirt and tie and what have you and go to your place of employ, there are people who wake up every morning and their job is, “Okay, Dan looking like he have ah few dollars, or granny looking like she purse heavy”. Their job, what they do on a daily basis, the only thing they do, is to figure out how to deprive people of their resources. That is what they do. Unless you run into somebody and they tell you that, you would not believe it, and that is a fact. That is a fact. I am not saying there is an easy way to deal with that, but we have to acknowledge that this is where some levels of the society have reached and there are problems that I cannot address right now in this contribution, but I will leave that discussion for another time.

So, Madam President, there was a discussion on consumption patterns. A really startling statistic was made by my colleague, Sen. Raffoul, about the status of prostate cancer in Trinidad and Tobago. When I heard her, I went immediately to the wonderful iPad and I went to the—Trinidad and Tobago has the fourth highest incidence of prostate cancer in the world and it is directly linked to a lot of the pesticides that they use. I want to be using the correct information. It is from the World Cancer Research Fund International, and in the prostate cancer statistics Trinidad and Tobago is fourth. Interestingly, Barbados is fifth. Number one is Martinique.

Hon. Senator: “Is ah Caribbean thing?”

Sen. D. Small: “Is ah Caribbean thing”, and when you check all the other—because they have all the various types of cancer Trinidad is nowhere on the other list, but prostate cancer, Trinidad and Tobago is number four in the world. Like I say, every day I learn.

My good colleague raised that as a statistic, and when you go back into here and you read, it says one of the major causes for that is the pesticides that are used in the food production. They are not being managed well, and if you eat a lot of those things they manifest themselves in prostate cancer. So I have learnt and I am thankful for learning because I, like the hon. Minister, I like my kale, I like my bhaji, I like my pak choi. If it is not green on my plate, it is not food. It starts to now permeate here, but let me leave that alone. Forgive me, Madam President, for digressing. I did not mean to digress. Let me try to stay on point.

So, Madam President, we talked about spreading the burden of adjustment. I think the hon. Minister of Finance indicated that the Government wants to spread the burden of adjustment. My position is, let us “unspread” it. Let us try to concentrate it in some other areas. We have an increase in the threshold for people to pay tax from \$60,000 to \$72,000. Wonderful. Why can we not say for people earning over \$250,000 a year? You do not get a personal allowance. If someone is earning half a million dollars a year, why should they get tax free allowance on \$72,000?

Madam President: Sen. Small, you have five more minutes.

Sen. D. Small: Oh, Madam President, I have run out of time. Thank you very much. We have to look at some of these things because the burden of adjustment should not necessarily always be shared equally. When you share it equally like this, as pointed out by my colleague, Sen. Mahabir, it is disproportionately in favour of those who could afford it most. So it really needs a harder look.

We have beaten the subject of businesses that chronically make no profits. I would just ask how many of them have been audited. What is the process for auditing if a business is running for 25 years and has not made a profit in any year? That needs to be audited. That begs to bring all your books, all your records, and let us sit down with you for a few weeks and audit your books. Something is wrong.

I believe that, Madam President, there is an argument in the domain about the fact that these changes, especially those related to VAT, will cause undue harm and bring discomfort to people in the economy. I do not necessarily agree because there is a huge assumption in there that no one has said. It assumes that people's buying habits and spending habits will not change, it assumes that if you are buying this you will just continue buying it, and perhaps we should grant our citizens some additional intelligence to make other decisions about what their spending habits are. To be clear, these VAT changes will affect people most likely negatively in some way. It is the extent, and I have heard different views as to the extent. I tend to support the lower view, that is my experience, and I say that because perhaps I am more discerning than others.

I had the distinct pleasure, Madam President, of running into one of my senatorial colleagues at my local supermarket. We shopped in the same place, and it is not what I would call probably one of your huge brand name supermarkets, but here is what, my wallet likes the place. [*Laughter*] It is very friendly on my wallet. Some people would tell me—I heard someone say perhaps the aesthetics may not be. I am like, the aesthetics to my wallet work. I do not want to give the supermarket free advertising [*Laughter*] but it is 1.53 in the morning, it is Food Basket in Arima. [*Laughter*] And one of my senatorial colleagues, she is like, “This is the Senators line?” I said, “Well, okay.”

So I believe, Madam President, that we should grant the citizens of this country some intelligence, that people will adjust their buying choices according to what their pockets can afford. I do not believe the people will just say, well, prices have gone I will just continue buying exactly that. I believe people will decide and make a decision about what is it they really need to buy. That is my thought.

Madam President, quickly, I know the comments by the hon. Prime Minister, when

he said—I think he said he went to play golf at 6.00 in morning and seeing lights on in the schools. Sen. Ramkissoon spoke to it, but it also speaks to a huge deficiency. We have no impetus for energy conservancy in this country. We have none. We have no policy that I am aware of about energy efficiency and energy conservancy.

I travel too much, Madam President. I go to Europe and I go to people's offices. You go to a boardroom, the boardroom is dark, but as soon as you walk into the room the lights go on because there is a motion detector, and if it detects no motion for a few minutes the lights go off. So we could invest in the technology. It does not necessarily need somebody to come to switch lights on and off. You invest in the technology, and this is not this year experience. This is 10/15 years ago I am experiencing that. Invest in the technology and you automatically save, because in those countries, certainly in Europe, electricity is expensive and we have cheap electricity. So that perhaps explains why we have not done any of that. There is no rocket science to this.

Madam President, in closing, Trinidad and Tobago is a small island development state, and I want to close with this because this is serious stuff. For the first time since 1938 there was a hurricane formed in the Atlantic, and if you look at where it formed, it formed in the eastern Atlantic where the water should be—at this time of the year it will be relatively cool. It speaks to the changes in the climate. I learnt at the seminar about the—there is something called the climate departure date, and the climate departure date says that based on a study performed by the University of Hawaii by 14 scientists, that when your country reaches the climate departure date, after that date your country is permanently warmed, and from that date whatever is the hottest year ever in the history will be your coolest day going forward. Whatever is the hottest day ever is going to be—the date for Trinidad and

Tobago is 2032. Jamaica is one of the first countries, it is 2023. There are lots of people who will argue the science, but here is what, I am a believer and while it may not happen in 2032 it might happen 34/35. The effects of climate change are here and these are things that I am not sure where in the Government's—I know we are locked in a five-year cycle, but these things have implications for us in our lifetime.

Madam President, I appreciate the time to contribute in this debate and I thank you for being able to speak. Thank you. [*Desk thumping*]

Madam President: Hon. Minister of Finance.

The Minister of Finance (Hon. Colm Imbert): Thank you very much, Madam President. Madam President, throughout this debate I took careful notes of the contributions from hon. Members opposite that made sense and, therefore, let me start with the speakers one by one. Sen. Mark, blank page. So let us move on now to Sen. Mahabir. One of the points made by Sen. Mahabir was that even if we increase the base of VATable items, if consumption is going down, it does not matter what we do, the collection of VAT will go down.

As I indicated earlier, the collection of VAT in the first quarter of the fiscal year is in line with estimates, in fact slightly ahead. We do not know what will happen in the second quarter, third quarter and fourth quarter. Let us hope that the adjustments we have made would continue the momentum in terms of VAT collections. I am quite confident that it will. And it is interesting we are allegedly in a recession and yet VAT collections are holding steady. VAT is a measure of consumption, and consumption is a measure of economic activity. So it is kind of contradictory that we are allegedly in recession and yet VAT collections are holding steady. So we will see. We will see what happens.

Sen. Mahabir also indicated that we have to look at consumption patterns of the

core and exempt certain items from VAT that are most used. Now, I beg to defer. One of the points that we made was that as you lower income tax, and you lower income tax because it is a disincentive to labour and productivity, you have to look at other avenues for generating revenue. So as you lower income tax, whether it is personal income tax or corporation tax, you have to look at sales tax/consumption taxes as your source of revenue. So as the rate of income tax goes down, you have to try and maintain your consumption taxes or even increase them because VAT is a revenue generating device.

2.00 a.m.

It is not a social tool which is the error that some people are making. VAT is not an instrument of social policy. It is simply a mechanism to collect revenue. In Trinidad and Tobago, our VAT system, over the years, has been compromised, seriously compromised, where our VAT efficiency ratio is now down to 40 per cent. Most countries are up in the 70 per cent, 75 per cent and the VAT efficiency ratio is simply a measure of the potential that you could collect from value added tax to the actual collections. We are collecting 40 per cent of the potential consumption taxes that we can collect.

In our view, it is better to have no exemptions and to take the revenue that is generated and target it on support for the underprivileged and the poor. It is a much more efficient system. So that we do not see VAT as an instrument of social policy. I just wanted to make that point. And we need to get our VAT efficiency ratio up. Otherwise, what is the point? Why did we lower the income tax and then destroy the revenue stream from value added tax?

That is one error, fundamental error, made by the last administration, that they did not create any new revenue streams. In fact, they destroyed one of the revenue streams which is consumption tax. That is just a fact. Things were going good, they

were pandering to populism, and they decided to destroy the consumption tax revenue stream for populist reasons; did not work. So I just wanted to make the point that I do not agree that VAT is an instrument of social policy.

The Senator also asked about debt management. As I indicated, this is not the mid-year review. I give an undertaking that when we deal with the mid-year review, or perhaps during the Finance Bill, I can talk a bit about debt management, but it was not my intention to get into any details about debt management in this debate. I really wanted to talk about the actual taxation measures. And you also spoke about transfers and subsidies. These are all very important points. The Government's wage bill—I mean, we are talking about expenditure here, so you are talking about transfers, subsidies, wages and the development programme and so on.

With respect to the Heritage Fund, the Senator has indicated that it is best practice to simply take out the returns from the Heritage Fund rather than the deposits, the capital. *[Interruption]* Well, we will deal with that when we debate the separation of the Heritage and Stabilisation Fund. You also spoke about capital flight and you asked a question about the level of reserves at this time. I was going to deal with that on a matter on the adjournment but I see no harm in dealing with that now because there is a lot of mythology outside there in terms of what our foreign reserves are and what they used to be and so on.

In 2012, our net official reserves—and I want to emphasize this. In 2012—and Sen. Small has told us what the price of oil was around that time: \$75, \$80 in 2012? More or less?

Sen. Small: Ninety.

Hon. C. Imbert: Okay, \$90. In 2012, when oil was \$90, our net official reserves were US \$9.2 billion, representing 10.4 months of import cover. Now in 2015—at the end of 2015, December 31st—our net official reserves were at \$9.8 billion,

representing 11.1 months of import cover with oil at \$30. So it is a lot of mythology out there about our reserves. Our reserves are in a better position now than they were in 2012 when oil was \$94. It just goes to show that things are not always what they seem.

Again, the Senator spoke about tripartism. In fact, the Senator's contribution was so wide-ranging that it would take me about five hours to respond. But I will try and respond in time as we bring various finance Bills to the House—try and deal with these issues because they are all very important.

So let us go to Sen. Hadeed. His page should also have been blank except he made the most preposterous assertion and allegation, that the Government plans to sell TGU to Ferrostaal and this is why we did not access the \$4.6 billion due from TGU. That is absurdity of the highest. Trinidad Generation Unlimited—and this is public information freely available in the public domain, if you had taken the time, Sen. Hadeed, to go and check. Trinidad Generation Unlimited is a fully-owned subsidiary of AES Global Incorporated, a US corporation. It is not owned by the Government of Trinidad and Tobago. And as a consequence, the Government cannot sell something that it does not own. TGU simply owes the Government money for past lending. So please do not come into this House and make these preposterous, misleading and untrue statements in the future.

Let me move now to Sen. Chote. I found Sen. Chote's—I think this is the first time I have encountered Sen. Chote in this House, I am not 100 per cent sure. I found Sen. Chote's contribution very honest and very sincere. I want to congratulate you. Not everything you said was correct but it was said with sincerity and you believed everything you said, and I want to commend you for that. Because for example, in terms of controls, we have no controls. We cannot control prices. This is a free market. It is supply and demand and retailers are entitled to charge whatever price

they can. There used to be price controls 25 years ago but that system of trade has gone out the window long ago. I do not think we want to see a return of price controls because they have negative consequences.

The only thing we can do is we utilize the Consumer Affairs Division to the maximum to go and monitor and to embarrass retailers by publishing prices, in terms of price gouging and so on, but it is up to consumers to educate themselves. But I give an undertaking, the Government to do whatever it can to publicize what is going so people will know, and they can make smart choices, but that is the only control we have. We cannot control prices in a free market. It has to be dealt with with supply and demand.

The Senator asked whether the VAT changes were an exchange, a reduction coupled with widen the base. Not really. We needed to reduce the rate, and let me just explain why we are reducing the rate. I will also respond to a question or a statement made by Sen. Shrikissoon. I am appealing to Sen. Mahabir as a distinguished economist, I expect you to assist your colleagues. There is a well-known formula and curve called the Laffer curve. It is a graphical representation of the relationship between tax rates, tax revenue and taxable income.

When you look at the Laffer curve, there is a point at which, beyond that point, if you attempt to increase your rates of tax, your revenue goes down, so it is an inverse relationship. On that curve, there is a growth maximizing point and there is a revenue maximizing point, and you try to get your tax rate somewhere between the growth maximizing point and the revenue maximizing point. If you take it beyond the top of the curve as it starts to go down, as you increase your tax rate, it becomes counter-productive and your revenue actually goes down and that is because of avoidance and all sorts of reasons.

We have been advised by experts that our VAT rate is beyond the revenue

maximizing point. We were told that the revenue maximizing point is somewhere between 12 per cent and 13 per cent and this is after detailed analysis by experts of VAT collections over the last five years. So we have decided to bring the rate back to somewhere between the revenue maximizing point and the growth maximizing point because the learning tells you that you will have an increase in revenue if you do that. It is not a linear relationship and it is not a simple relationship and I can give you an example.

When the former administration in 2006 increased the personal allowance from \$24,000 to \$60,000 and also reduced income tax rates down to 25 per cent, the initial result was a small dip in revenues. But over the next five years, revenue collections, even though tax rates had gone down, increased by 62 per cent. That is a classic example of the operation of the Laffer curve, because it was felt at the time that our tax rates were too high. So again, because of the advice of experts, we lowered the tax rate, we increased the allowances and instead of revenue going down, went up by 62 per cent.

So I am just telling you that this is not whimsical. We have been told that 15 per cent is beyond the revenue maximizing point and we should pull it back about 2 per cent or 3 per cent. You only find out what really happens when you do it because it is all theoretical, it is a model, it is based on certain assumptions, but this is the information that we have. I have clearly stated this on many occasions, it is not “vaps”. And I also expect economists from the university—and I am not ascribing this to you—[*Interruption*]

Sen. Dr. Mahabir: Can you give way?

Hon. C. Imbert: Sure, sure, man.

Sen. Dr. Mahabir: The question I need to pose—and we all know about that laughable Laffer curve.

Hon. C. Imbert: You should tell him.

Sen. Dr. Mahabir: Right. But the question I need to pose, hon. Minister, with respect to your analysis is simply this: what is the reason for greater tax collections at say 13 per cent as opposed to 15 per cent? Is it greater compliance? Or is it that the problem with Trinidad and Tobago is not the rate but rather the fact that we have a mechanism for collecting VAT that is relatively inefficient? So is it a compliance matter or is it a mechanism of collection matter?

Hon. C. Imbert: It is both, but it is more in favour of compliance. Okay? That is the information we have—that as you reduce the rate of VAT, you have greater compliance and you have increased revenues. We will see, but that is the information we have, we did not do this by “vaps”. And I would expect distinguished economists at the UWI who are very familiar with the relationship between the rate of tax and revenue collection not to make simplistic calculations and say, “Oh, we go lose \$5 billion in five years if you reduce the rate of VAT”. That is not our experience. Our experience with income tax, same tax, is that it went up by 62 per cent when the rates came down, so we will see what happens. There are many countries all over the world that have dropped their rates from 70 per cent, 50 per cent, 40 per cent, 20 per cent and tax collection went up because there is greater compliance. We will see. So it is not an arbitrary thing and it is not a balancing within a reduction and a widening of the base; it is scientific.

Sen. Chote also said that vet services are crucial to agriculture. Absolutely correct, but we have had all sorts of lobbies to remove the VAT from mauby because it is a staple; remove the VAT from sugar because it is an input to manufacturing. I even got a request to remove the VAT from Crix because it is a cultural thing. Once you start that, you destroy the function, you defeat the entire purpose of a consumption tax. You could come up with a reason for anything. There are all sorts of things.

Why do you have VAT on books? Because you want to encourage learning so why are you taxing books? Why are you taxing computers? Why are you taxing pharmaceuticals? You can rationalize anything but from the time you start this exemption, you destroy the revenue generation capacity of value added tax and as we said, we prefer to target. So what we could perhaps do is subsidize the veterinary services or give grants to farmers to allow them to access veterinary services.

In other words, we believe it is better to target the specific area rather than interfere and tamper with the revenue collection mechanism that is VAT. And the Senator also spoke about spectacles and schoolchildren. See, it is the same argument. You could come up with an argument for anything. You could look at anything on the VAT list and it will affect someone and quite often will affect somebody at the lower level of the income scale. It is a fact. And if you go through like that, you could exempt everything because you will always have a social argument, but VAT is not an instrument of social policy, it is just a tax.

2.15 a.m.

So, we believe it is better to collect it, and then use the money to target the particular sectors; that is how we could help schoolchildren and help senior citizens. The same would apply to the maritime sector. You are absolutely right. It is an industry; because of our geographic location it is very important, but again, you can make an argument for anything.

With respect to CNG: I have extended the benefits with respect to CNG vehicles to 2018, and I will sign the Order within the next couple days. It would be retroactive to January 01. Now, the reason why we do that; you asked, how did it work? Does it contribute? The fact of the matter is, the reason why we would want to encourage the use of vehicles using compressed natural gas is that it is a clean fuel,

it reduces our carbon footprint, and it is a much more economical fuel than petroleum; far more. So that you want to encourage the use of hybrid vehicles. You want to encourage the use of CNG- powered vehicles, you want to encourage the use of electric vehicles, you want to reduce your carbon footprint in some way, and reduce the dependence on petroleum. So, we do intend to continue encouraging the use of CNG vehicles and also hybrid vehicles.

I might say right now that I have looked at the incentives for hybrid vehicles, and they do not work. The majority of hybrid vehicles available on the market, unless you buy a small car like a Toyota Prius or something, have a cubic capacity of 2.4/2.5 litres, but the current exemptions only apply to 1.8 litres. That is why there has not been much interest in acquiring hybrid vehicles, because when you go to get one, you find that it is just not available, that the standard hybrid vehicle is a 2.5-litre. So, I intend to deal with that in the Finance Bill No. 2 so that we can truly encourage the use and importation of hybrid vehicles and, again, seek to reduce our carbon footprint.

Sen. Chote also spoke about the introduction of the legislation being a bit tight. I do not know. I spoke to the various Chambers, the manufacturers and retailers and so on, and everyone told me that a three-week period was sufficient. There may be some businesses which may find that a bit difficult, but the consensus was that three weeks was adequate.

Do businesses have to deregister?—great question. I will have to look at that. Honestly, I must say I have not given that sufficient attention, and you know, if we are raising the threshold, do we now call upon businesses which are below the threshold, but had previously registered for VAT, to deregister? I do not think so. My understanding is, as the threshold has been increased over the years, all those who are registered have the option to continue being registered, but I will most

certainly look into that; great question.

With respect to the Green Fund, Sen. Chote was not the only person who spoke about this, and certainly, I think Sen. Shrikissoo also made the point, that the Green Fund is not being used for the purpose intended. It is being used as collateral for overdraft for recurrent expenditure. We certainly have to fix that, so that we can access the Green Fund. So that was Sen. Chote, and I want to congratulate you again. I found your questions extremely sincere, honest and genuine.

Sen. Ameen—blank. [*Laughter*] Sen. Ramkissoo, I must say I was inspired by your final words: “We need to work together.” [*Laughter*] That is not to say I agreed with everything you said before that, but I was really inspired by your final plea that we all work together. You are so right. Now, let us look at the things that you said. Will the additional money going into the Green Fund be used to achieve 17 development goals? Well, that goes back to the point I just made. We have to make sure we protect the money going into the Green Fund, so it cannot be used and abused for purposes for which it was never intended. I will have to look at the legislation very carefully, and make sure that it cannot be manipulated and abused in that way.

The Senator had some concerns about online shopping. I do online shopping too—through you, Madam President—I could buy a car part for 25 per cent of the cost online, and bring it in, and after I pay VAT and shipping and so on, it is still 50 per cent of what you buy it here. I could do that, but the problem with online shopping is that it is a serious area of foreign exchange leakage.

Credit card bills are paid first and you do not have to go and ask the bank for foreign exchange, they just pay it one time. So once you utilize your credit card, that is it, “the foreign exchange gone.” So it is something—yes, once you have a credit line on a credit card, and you make foreign purchases, it is automatically

paid. The bank automatically pays it in foreign exchange. It is an automatic source of foreign exchange leakage. So we have to look at it. I totally agree with you that the prices you could—anything, clothing, toiletries, car parts, equipment, books, anything, it is going to be cheaper online than in Trinidad and Tobago. It is a problem that we have, but we have to be balanced in our approach to this problem. Sen. Ramkissoon also spoke about an article in *The Economist*, that Trinidad and Tobago is one of the fastest-shrinking economies. Well, I thought that article was terrible. I thought it was not worthy of *The Economist*. We must not fall into the trap and feel that these publications are always right. If you looked at the article carefully: no data, no facts, no calculations, no basis, no discussion, no formula, no assumptions whatsoever. The article is just a table with 10 countries, no introduction, nothing to explain how they arrived at this. If you look at some of the online comments, you would see people challenging that article, and listing a whole series of countries which, in their opinion, are under much greater threat of having a declining economy. I reject that article totally. I thought it was a disgrace. I am ashamed that *The Economist* would publish an article like that. I looked for the thing, and I looked for discussion. I am a scientist. I want to see what are the assumptions. What is the basis? Where is the source data? Did they use the Central Bank's statistics? Nothing in the article to tell you how they arrived at this list of the world's fastest-shrinking economies.

With respect to the Revenue Authority, whether it is a watchdog? No. It is a collection agency. It is simply to try and maximize the collection of revenue. It is not to a watchdog per se. It is just a collection agency.

How can we use our waste materials? Well, again I would need about five hours to answer that, [*Laughter*] but thanks for asking the question. I am sure we can address that in due course.

Sen. Ramkissoon also asked about the oversight committees—asked me! I just want to let the Senator know, I know she is new, but the Public Accounts Committee is chaired by a Member of the Opposition. The Public Accounts (Enterprises) Committee is chaired by a Member of the Opposition—[*Interruption*] PAEC is chaired by a Member of the Opposition. [*Interruption*] Yes, it is. The PAC—it is by an Opposition Senator. The PAC is chaired by an Opposition Member of the House of Representatives. [*Crosstalk*] That is okay, and the accounts are ex post facto. They are not contemporaneous. So that you asked question on whether we are spending any money, and why you have not had the ability to get into oversight. These committees are not real time. They look at past accounts, okay? Because you have to have the information presented to you. It is ex post facto. It has to be a past account. You cannot get a present account. It does not exist. You have to get a past account. So, if you want to know how much money we are spending today, you are not going to get that in one of those committees. You might get what happened in the last three months, but not what happened today.

Now, you spoke about what timeline do we have to repay our debt? The problem with answering that question is, each loan has a different tenure, a different period: some one year, some five years, some 10 years, some 20 years, some 25 years; so I cannot answer the question. When you go through the estimates of expenditure, you will see all the loans listed, there are hundreds of them, and they all have different timelines. So to answer—[*Interruption*] It is on the Ministry of Finance's website. Look in the Ministry of Finance's expenditure and you will all the loans listed, and so on, and you get information. There is not as much information as I would like. I am going to improve that, but each loan has a different tenure, a different time period. So, I am sorry, I cannot answer the question, the timeline for

repaying our debt. Okay. So those were the comments from Sen. Ramkissoon. As I said, the problem with the oversight committees, please refer that to the President of the Senate. I am not being disrespectful, Madam President. Ask the President. “Doh ask me. I doh run those committees.” [*Laughter*]

With respect to Sen. Munro, it was going to be a blank page, but I decided to write the following information on the page devoted to Sen. Munro. On December 07, 2015, in the by-election for Auzonville, Tunapuna, [*Laughter*] the PNM got 2,400 votes and the UNC got 300. The PNM beat the UNC eight to one, and the UNC lost its deposit. [*Laughter*] On December 07, 2015, byelection in Malabar South, the PNM got 1,263 votes, the UNC got 29. The PNM beat the UNC 43 to one, [*Laughter*] and the UNC lost its deposit. So that is the state of the nation. I do believe we are a little more popular than the UNC at this point in time.

Let us go to Sen. Richards, now: are we spending money to keep our heads above water? What I would tell you is that a funny thing happened between 2010 and 2015. The expenditure in 2010 was around \$46 billion. The expenditure then increased significantly to \$63 billion over the next five years. So you had a continuous increase for—[*Interruption*]

Madam President: Hon. Minister, you have 10 more minutes.

Hon. C. Imbert: Thank you very much. So you had a continuous increase from 46 to 63. So what we are faced with now is a \$63 billion expenditure. If the former administration had restrained expenditure and kept it in the \$45 billion to \$50 billion range, we would not be in the problem we are today, but they increased expenditure. They increased wages. They increased goods and services. So we are now dealing with a \$63 billion public expenditure. What has made it worse for us is within that \$63 billion, we have \$5 billion in back pay, and we have to pay. We cannot renege.

So one of the challenges the Government faces is, what do we do? We have \$5 billion in back pay. We have to pay. In fact, it is closer to \$6 billion, when I do the calculations. So that takes the actual expenditure down to \$56 billion or \$57 billion, which is already a significant reduction. You do not want to crash the economy. We have to do things with a little bit of caution. You cannot just cut expenditure down to \$46 billion, you will destroy the economy.

So we have just found ourselves between a rock and a hard place. We are going to try now over time, to cut out waste, mismanagement and corruption. And try our best to contain expenditure, but you know the funny thing? While the UNC increased national expenditure from \$46 billion to \$63 billion, the GDP was flat. The GDP in 2010 was \$163billion, and the GDP in 2015, \$165 billion. It is incredible. So, government expenditure went up by \$18billion, but the GDP did not move. Where did this money go? That is one of the phenomena that we need to find out what on earth happened in that 2010—2015 period, where public expenditure went up by almost \$20billion, but the GDP did not go up. “Wah cause dat?” Something went wrong. We need an analysis of this, to understand what went on.

2.30 a.m.

Sen. Richards also asked about diversification and what does it mean, it simply means that the manufacturing and services sector must play a much greater role in the economy. It is as simple as that; that is what diversification is, you have oil, you have non-oil, and the non-oil is made of manufacturing and services. So we have to emphasize, focus, encourage and stimulate growth in the services sector and the manufacturing sector. That is what diversification means. He spoke about anti-dumping, I asked the Minister of Agriculture, Land and Fisheries, whether a food company or a farmer has ever made an anti-dumping complaint against an

importer—I think the answer is, no. And I wonder why? Why do our farmers and our food processors, and so on, not make an anti-dumping—why do they not?

[Interruption]

Hon. Senator: They are not organized.

Hon. C. Imbert: Clearly. Why do they not? I think it is about time, and, certainly, we need to have better systems in place to help small and medium-sized businesses. In fact, in Europe, 90 per cent of businesses are small businesses employing 10 people or less. Europe is built on small businesses.

I was not here for Sen. Creese, but I asked Sen. Khan to take notes, he very kindly did. I see Sen. Creese has complained about the Planning Act partially proclaimed, that it was a contradiction, but it is not we do that. It is not we partially proclaimed the Planning Act, somebody else. It is the previous administration. So we will have to look at that. Sen. Creese also asked about the National Insurance System, what happens to all the money that goes into that system; it is all there in the Eighth Actuarial Report which has been laid in this Parliament, and should be available online as well. The Eighth Actuarial Report of the National Insurance System will give you an indication of the state of the fund and what they are doing with their assets, and what they are doing in terms of paying beneficiaries, and so on. I thank Sen. Creese for congratulating us on our move against processed food.

What else did Sen. Richards ask, mechanisms in place to monitor VAT. Well, again, Consumer Affairs Division will have to deal with that. I totally agree with you on the reduction on spending in national security, it is really too much and we really must do better in terms of that problem. Sen. Sturge was going to be blanked, except he made some comments which are just not true. The last published household survey confirmed that the average household earns \$6,800 a month, and of this 16 per cent is spent on food, that is \$1,000. So out of the \$6,800,

\$1,080 is spent on food. That is the last published survey done by the Central Statistical Office, surveying thousands of households in Trinidad and Tobago. So it is not \$3,000 out of \$6,000 is spent on food—[*Interruption*]

Hon. Senator: What year?

Hon. C. Imbert: It is 2012—it is \$1,000 out of \$6,800.

It is consistent with our findings. It is consistent with our findings in terms of the amount spent on food by a typical household—16 per cent—[*Interruption*]

Sen. Dr. Mahabir: Minister, could I get clarification?

Hon. C. Imbert: No, I have a time problem—do fast, do fast.

Sen. Dr. Mahabir: All right. Just clarification—the fast one is this, do you have data on the percentage of income spent on food by people in Trinidad and Tobago who are living below the poverty line?

Hon. C. Imbert: Well, I do not have that with me, but it is a good point, but your typical household earns \$6,800 and they spend 16 per cent of that on food and beverages—that is all.

Sen. Raffoul—well, unfortunately she is not here—she spoke about the ability to file taxes online. I am pleased to announce to this Senate, and I really need to talk to the Inland Revenue Division, that under this Government, under this PNM Government, you can now file your income tax returns online. [*Desk thumping*] I really need to speak to the Board of Inland Revenue, they must let people know this. Not only can you file your tax returns online with using a system called e-tax, and if you go on Board of Inland Revenue website you will see e-tax, and a whole series of questions and answers and explanations, and guidance on how to file your income tax returns online. You can even get a refund. You can apply for a refund and get a refund, and that is as of December, 2015—[*Interruption*]*—you could say what you want—under the People’s National*

Movement. [*Laughter*] You know, one of the things Mr. Basdeo Panday used to say—[*Interruption*] Madam President, would you control them? One of the things Basdeo Panday used to say is, “coulda, woulda, shoulda”; we have made it possible [*Desk thumping*] for citizens to file their income tax online—“coulda, woulda, shoulda”.

Let us go to Sen. Shrikissoon, in the few minutes I have remaining, two minutes. I just wanted to say that when you are calculating the deficit there is the concept of below the line and above the line, and capital repayments are below the line and are not counted in the calculation of the deficit because you can always rollover capital repayments. So that you cannot add capital repayments to expenditure in terms of calculating the deficit. If you look at all budgets past, including the 2015 budget under the last administration, they had a budget of \$63 billion but they had capital repayments of \$5 billion. If you in fact added that all up you would get \$68 billion. If you actually paid those capital repayments then you would be reducing your debt, your debt would not be going up, and when you are in a deficit situation you do not—you roll over and you refinance your capital payments. Okay? So you cannot add the capital payments to the other expenses to calculate the deficit. I will talk to you afterwards because I only have one minute, okay.

With respect to the other points that Sen. Shrikissoon made—well, I think I have dealt with the main one. Let me just talk about Petrotrin very briefly. Petrotrin is an integrated oil company; it does not just produce oil, it has a refinery, so even though you work out the production by the number of employees and you get 300 barrels per employee, you have to take into account the refinery operations, which ironically are profitable when oil prices are low. In fact, Petrotrin refinery operations are profitable as I speak today because oil prices are so low, because

petroleum products have not kept pace with the reduction in the price of crude.

Sen. Small, all I would say, excellent and informative. That is all I would say for your contribution. It was not sustainable to remove VAT from 7,000 items; it was absurd, but, other than that, I would say you made an excellent contribution. Finally, Sen. Samuel, the only manifest zero that I am aware of, with respect to you, is the zero attendance at your public meetings in the last general election captured on YouTube and Facebook. Your contribution was truly a zero-rated contribution. [*Desk thumping & laughter*] I beg to move, Madam President. [*Desk thumping*]

Sen. Hadeed: Madam President—

Hon. C. Imbert: Sit down. I done. I done.

Sen. Hadeed: Could I just make a correction, please.

Madam President: Sen. Hadeed, I am sorry, he has closed it off.

Question put and agreed to.

Bill accordingly read a second time.

Hon. C. Imbert: Madam President, in accordance with Standing Order 57, 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.

Bill accordingly read the third time and passed.

ADJOURNMENT

The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan): Madam President, I beg to move that this Senate do now adjourn to Thursday 21st January, at 1.30p.m. During that sitting we will debate the two annulment Motions that were moved by the Leader of Opposition Business, Sen. Wade Mark, which deals with the Commissioner of Police and Deputy

Commissioner of Police (Selection Process) Order, and the Commissioner of Police and Deputy Commissioner of Police (Qualification and Section Criteria) Order, 2015.

Madam President: Hon. Senators, before I put the question on the adjournment, leave has been granted for two matters to be raised on the Motion for the adjournment of the Senate. Sen. Mark.

**Foreign Exchange Crisis
(New Policy Direction)**

Sen. Wade Mark: Thank you very much. [*Desk thumping*] Madam President, since exposing the key sectors involved in the consumption of our nation's scarce resources, that is foreign exchange resources, namely the retail and distribution sector, the manufacturing sector, the credit card payments, the car dealership, as well as the telecommunications sector, which combined utilize some US \$10.5 billion, or more than 70 per cent of all foreign exchange sold in the three-year period, or during the three-year period. The Government mobilized their business allies to launch one of the most vicious assaults on the country's independent institution and its Governor, eventually being politically removed by this administration.

Madam President, having exposed the country's 18 biggest foreign exchange buyers, the Government proceeded to hound him out to office—[*Interruption*]

Sen. Khan: Madam President, irrelevance.

Madam President: Sen. Mark, the matter that I have is the worsening of the foreign exchange crisis and the issue for a new policy direction to address this urgent issue. Is this what you are dealing with?

Sen. W. Mark: Yeah.

Madam President: All right, well, your context has to be more relevant to what I

Matters on the Adjournment
Foreign Exchange Crisis
(New Policy Direction) (Cont'd)
Sen. Mark

have here.

Sen. W. Mark: Yeah.

So, Madam President, this situation led to an arrangement in which when we talk about the allocation of foreign exchange in our country there is need for the Government to pay attention to a more equitable distribution of our scarce foreign exchange. We have been advised and informed by the hon. Minister of Finance that the country's foreign exchange reserves now stand at US \$9.6 billion or US \$9.8 billion, and, Madam President, with energy prices collapsing and falling and declining, on a daily basis, we can expect our foreign exchange reserves to decline simultaneously in the future. In those circumstances, I think the time has come for the Minister of Finance to look at the development of a new policy for the distribution of foreign exchange in our land.

2.45 a.m.

Madam President, I want to emphasize there is need for the country, the Government in this instance, to focus on the need for ensuring that there is sufficient foreign exchange to deal with necessities which are not produced locally in our country. I also would like to advance that the Government should be looking at allocating foreign exchange on a more equitable basis for educational supply purposes, and I make reference to the allocation of foreign exchange for the education of children who are studying abroad, because it has been brought to my attention that when parents approach commercial banks for very important foreign exchange to finance the education and to sustain the education of their children studying abroad, they are having extreme difficulty in accessing foreign exchange because of the inequitable allocation and distribution of foreign exchange in our country.

Another area that I would like to address, as it relates to the worsening foreign exchange situation, is the need for us to pay attention to the provision of foreign exchange to address the health care needs of citizens who might require crucial foreign exchange in order to undertake urgent health care matters abroad. So I raise these issues in the context of this particular matter, where we have a worsening of our foreign exchange in the country.

But I must recognise, at the same time, there seems to be a deafening silence emerging from very powerful forces, since this development took place with the actual removal of the former Governor of the Central Bank. I would like to know why all of a sudden there is a silence; although we have been informed that when citizens go to commercial banks to access foreign exchange, they are experiencing great difficulties in accessing foreign exchange. So we still have a difficulty in accessing foreign exchange in our country. I am asking the hon. Minister that the time has come for us to look at a policy of allocation, particularly in the areas of health, in the area of education and, of course, in the area of necessities for our citizens.

I look forward to hearing from the hon. Minister as to how he is going to address the scarcity of our foreign exchange and, at the same time, distribute those foreign exchange resources in such a way that citizens can be able to access those resources to deal with their needs abroad, conscious that we are living in a period where the foreign exchange is becoming more and more difficult to access. So whatever we have, we are saying that there should be greater equity in the distribution of our foreign exchange and, at the same time, promote greater transparency in that process.

I look forward to the hon. Minister of Finance providing this House with some

perspective as it relates to a policy, as it relates to the allocation of scarce foreign exchange resources for those particular needs that I have identified.

I thank you very much, Madam President.

Madam President: Hon. Minister of Finance, and you have 10 minutes.

The Minister of Finance (Hon. Colm Imbert): Thank you very much, Madam President. Let me just read the matter before us, lest we be misled by Sen. Mark. The matter is: The worsening foreign exchange crisis and the need for a new policy direction. Absolutely nothing to do with the termination of the appointment of the former Central Bank Governor, and what is worse, the Senator has a Private Motion on that matter and is, therefore, guilty of anticipation. I do not appreciate this attempt to manipulate the Standing Orders of this House.

Let us go to the facts. What are the facts? The facts are that over the last four years, for the years 2012, 2013, 2014 and 2015, strangely enough, even though the economy has been flat, the gross domestic product has been more or less constant at \$163 billion, \$165 billion over that period, the behaviour of the demand for foreign exchange is very, very curious. I will give the information.

In 2012, the conversion of US dollars by the private sector in the commercial banks was of the order of US \$4.86 billion. The Central Bank injected \$1.79 billion in 2012. So the total US dollars in our system, in our economy, \$6.65 billion.

In 2013, the private sector converted US \$5.8 billion, the Central Bank injected \$1.32 billion. So the total US dollars increased from \$6.65 billion in 2012 to \$7.12 billion in 2013. In 2014, the private sector converted US \$5.53 billion; the Central Bank injected \$1.72 billion, for a total of \$7.25 billion. In 2015, with oil prices collapsing and a flat economy, in fact, a recession—if we are to believe what we are told—the private sector converted \$4.94 billion, but the Central Bank

injected \$2.6 billion, making a total US dollar demand in our economy of \$7.54 billion. So as the economy has remained flat, the demand for foreign exchange has gone up.

It is a very curious situation, and the only explanation is capital flight, because it cannot be trade, it cannot be commerce because if GDP is maintaining a flat level at 163/165 billion, what is causing this increase in demand for US dollars from 6.6 billion in 2012 to 7.5 billion in 2015? It has to be capital flight. So clearly there was a loss of confidence in the economy over the 2012 to 2015 period. So persons were purchasing foreign exchange, not for trade, but to send it overseas. So that is one of the peculiar characteristics of our economy under the past administration.

I also want to correct a misleading impression given by Sen. Mark. The Government does not distribute foreign exchange—and he knows this. We do not distribute foreign exchange. The previous government did not distribute foreign exchange. Foreign exchange is distributed by the commercial banks, and injected into the commercial banking sector by the Central Bank. The Government has absolutely no control over the distribution of foreign exchange in the system; it is managed entirely by the commercial banks and by the Central Bank. So what on earth is Sen. Mark doing calling upon the Minister of Finance to start putting in systems and controls with respect to the distribution of foreign exchange, when the Government has no role to play in the distribution of foreign exchange?

The Government had a role to play back in 1992, when you had something called an ECO system, where you would have to apply for foreign exchange, and you might get it or might not get it. But since 1993 or 1994, whenever the dollar was floated, all exchange controls were abolished. We do not have that in this country anymore. We have not had it for 21 years. So is Sen. Mark now saying that we

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Foreign Exchange Crisis
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Hon. C. Imbert (Cont'd)

should revert to the ECO system and we should now start to dictate how foreign exchange should be distributed? That is a very complex matter.

You cannot have your cake and eat it too. You cannot have an open system and a relaxation of exchange controls, and also have exchange controls at the same time. You cannot have a system where the commercial banks distribute foreign exchange, and the Central Bank injects foreign exchange into the system, and also have the Government controlling foreign exchange distribution at the same time. You cannot have fish and fowl existing at the same time.

So I do wish that hon. Members opposite would be more comprehensive in the matters they bring to this House. If you want to have exchange controls, if you want to revert to the ECO system, say so. Do not come and call upon the Government to determine how foreign exchange should be distributed. That can only happen if we reintroduce foreign exchange controls in this country. That is a much wider—*[Interruption]* Are you allowed to ask a question? I do not think so. We could talk afterwards. I do not think on this item you are allowed to ask.

Sen. Dr. Mahabir: Clarification?

Hon. C. Imbert: No you cannot.

I want Sen. Mark to come clean. Is he calling upon the Government to reintroduce exchange controls in this country? Is that what you want? If Sen. Mark does not want that, then what does he want? I would ask Members of the Opposition, be more scientific, comprehensive and responsible in the matters that you bring to this Senate.

I thank you, Madam President.

Madam President: Sen. Mark, the second matter.

Rising Homicide Rate
(Failure of Government to Address)

Sen. Wade Mark: Thank you very much. I was going to answer him, but time ran out on us. [*Interruption*] Could you quiet the gentleman; he seems to be out of control. I think he needs his tablets at this time. I now go to the matter of— [*Interruption*] I could always take mine. I am going to deal with the next matter, Madam President. May I have your protection?

Madam President: Yes you may.

Sen. W. Mark: On this particular matter, what I want to call the tragic lawlessness gripping our nation, as is manifested by the total failure on the part of the present Government to address the rising homicide rates in this society.

Madam President, the evidence reveals that in the last 16 days there have been close to 20 murders in our country. There seems to be a symbiotic relationship between this Government and rising crime. The data reveal that whenever the PNM is in government crime increases. So between 1996 to 2001, under a Panday administration, crime fell dramatically; however, from 2002 to 2010, crime rose drastically under the PNM.

3.00 a.m.

According to an article written by one Mr. Kevin Baldeosingh in the *Sunday Guardian* dated September 27, 2015, it is stated that between 1956 and 1966, under the PNM, crimes went from 35,000 to more than 53,000.

Madam President, murders are taking place anywhere at any time. It defies age, ethnicity or even gender. Some 20 lives, as I said, have been illegally and violently taken at a rate of almost two persons or two murders per day in this land since the year began. The gangs are roaming freely, they are assaulting the psyche of the

people without let or hindrance. And what is the police doing to enforce the Anti-Gang Act, Madam President? Guns are blazing, bodies are falling, students are hurting and the nation is being gripped by fear as a result of this runaway crime rate in our country. Guns are the weapon of choice, between 80 to 85 per cent of the homicides are committed by the use of firearms. I ask: where are the plans to curb crime, violence and criminality in our society?

Madam President, you would recall in Opposition the PNM had all the answers to deal with crime. Now that they are in Government they are silent. It seems like they do not know what to do. The Minister, for example, my good friend, I think he is a very decent gentleman, the hon. Minister. He said there is no spike in the murder rate in this country. Twenty citizens have been illegally and violently murdered in this country and the Minister says, there is no spike in crime. Well I do not know what is “a spike” if you have 20 murders in 16 days, and as we speak I do not know what is taking place in this environment.

Madam President, you remember just a couple days ago there were seven murders in one day in this beautiful republic, seven murders and the Minister said there is no spike. In fact, he is behaving like a former Minister of National Security by saying that is gang-related. Whether it is gang-related you have to deal with crime and homicide is a major problem in our country. [*Desk thumping*] I wish to warn the hon. Minister of National Security, a very decent, former retired head of our army and Defence Force, that the patience of the people is wearing thin, and this population, you will soon find out and that entire PNM bench will soon find out—merciless and I can tell you unforgiving. They give you a little chance, but after that, you cannot give them excuses again, you know. “Doh” tell them about no architecture, you know. “Doh” tell them that you are dealing with the strategic

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architecture. They do not want to hear that. They want action. They want you, as the Minister of National Security, along with the National Security Council to take charge.

So, Madam President, I am calling on the hon. Minister to step up to the plate and please roll out your plans. Let the country know what you are going to do to deal with this murder rate in our country. Children, students at Providence high school, they had to go through psychological trauma. In the daylight, in the bright, blazing sun bullets are flying in Belmont and children are psychologically damaged as a result of that.

So I am calling on the hon. Minister to take action, not tomorrow. Take action now. The people will take action if you do not take action. There is no room for inaction in this time. So, Madam President, the choice is the Minister of National Security's. The people are getting tired. You are elected, you are in charge. Take charge and deal with the homicides that are taking place in this land. I think that is the major issue because the distinguished Commissioner of Police has made it very clear that when you talk about other crimes in this country, the data is showing that there is downward slide. And he has said that for the last 30 years, serious crime is down in this country, but the real area that we have not been able to come to grips with is homicide. And I am calling on the hon. Minister to please share with this Senate and through this Senate with the nation community, what are you doing about the rising homicides in Trinidad and Tobago? I thank you very much, Madam President. [*Desk thumping*]

The Minister of National Security (Hon. Maj. Gen. Edmund Dillon): Thank you very much, Madam President, a special good morning, and let me take this opportunity to wish you a very happy New Year and Members of this House.

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The statement to which I have been asked to respond, and I heard Sen. Mark, in his dramatic way, dealt with the manner, almost as though we are acting, but when we deal with the issues of crime it is a very serious matter. It is one in which no one entity can really treat with the matter before us. But the statement that he has mentioned in terms of the lawlessness that exist in our country today, is flawed. For inherent in its expression is the assertion that there is an overarching lawlessness in this country. As the Minister of National Security, as a patriot of this country, I am concerned, my Government is concerned about the crime in this country, about the deviant behaviour that exists, but by and large, Madam President, the vast majority of this country are law-abiding people. The vast majority of people in this country are peaceful people, participate in ensuring the safety and security of Trinidad and Tobago.

I heard Sen. Mark a while ago and he reminds of a gentleman who throws a seed outside a window, throws water onto that seed, in periods, at certain times he throws fertilizer on that seed, and wakes up one morning and sees a huge tree in front of this house, and asks the question: where did that tree come from? I use that analogy to show that in this country today everyone understands that we are beset at this point in time, not because of the last four months, but because of the recklessness, because of the lack of strategy over the last five years. We have seen five Ministers of National Security who failed miserably to treat with the issues of security in this country. But when we look at the antecedents, Madam President, we can look at the brief review, of what has taken us to where we are, if we were to understand and we are to believe the lawlessness as described by Sen. Mark.

Over the last five years we have painfully witnessed the mismanagement, the destruction of our institutions. We have seen the former administration facilitating

an unprotected trafficking maritime highway based on our porous borders, where the very same guns that Sen. Mark mentioned because guns are the weapon of choice in murders. Yes. It is. Where do the guns come from? For five years we have seen porous borders, Madam President. For five years a number of illegal guns, arms and ammunition were allowed to come into our country [*Desk thumping*] based on the policies adopted by that administration. And that is why today guns are the weapon of choice in Trinidad and Tobago.

Madam President, we heard Sen. Mark speak about the recklessness. There was a time in this country, we go back to 2011 when this country reached a stage where the Government had to adopt what I call measures of last resort. The measures of last resort is when you put up your hands and you do not know what to do. And so they put in place a state of emergency. That is a last resort. That is when the Government was bereft of any ideas; did not know what to do. And what was the outcome of that state of emergency? Thousands of people were arrested. One person prosecuted. What it was, was an artificial sense of peace—could not have been sustained. But yet we hear Sen. Mark talking about lawlessness. We have been in Government for four months, Madam President. Sen. Mark is staying here this morning and saying to us that we are in a state of lawlessness.

Madam President, the antecedents are quite clear where we are at this point in time. We are not in a state of lawlessness. When we look at the data between September 7th, when we came in power, to now, serious crimes have been decreased by 14.1 per cent. Between January 1st to 10th, to today serious crimes have been decreased by almost 62 per cent—that is between September 7th to date, yet Sen. Mark wants to say that we are in a state of lawlessness.

Madam President, this Government, since taking office September 7th, has initiated

several measures to strengthen and build the capacity of our law enforcement, our military and other agencies within the institution of national security. We have developed our law enforcement assets. We have utilized our air, land and sea assets. We have instituted strong measures of operations in our coastal areas in the south-western peninsula, in the south in Moruga, in the west and also in Tobago. And they have shown results to the effect where we have, in fact, targeted the known drug dealers. One such operation resulted in the death of Stephen St. Louis quite recently, a known drug dealer. And so that today we are focusing on reducing the murder rate in Trinidad and Tobago. We have seen, to a large extent, to tackle the scourge that is before us. And Sen. Mark rightly said that murder is the barometer by which we are measured. But, Madam President, the root cause of that murder has been flourished, has been fertilized by actions of the former administration. And we in this Government are now taking action to put the structure in place.

Quite recently we have appointed the new director of the Strategic Services Agency, and I dare say, he is qualified for the job. [*Desk thumping*] No false papers whatsoever. We have also taken measures, Madam President, to ensure that the measures to appoint the new Commissioner of Police has been put in place. The last administration, for whatever reason, allowed the commissioner to exist in a period of uncertainty, in a very untenable position which did not do any justice to the Trinidad and Tobago Police Service.

3.15 a.m.

Let me remind this honourable House that since the assumption of office of this Government they have been incrementally strengthening the security apparatus. We have increasingly supported the very proactive police and other strategic law

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enforcement and intelligence agencies; we have developed a framework to pursue consultation with the municipalities in developing community safety partnerships; we have provided greater visibility and deterrent environment through an integrated presence of law enforcement agencies on the highways and intelligence-led operations. We will continue to integrate and combine law enforcement strategies in special and critical operations.

Madam President, the Ministry of National Security has been working on several projects and plans and policies between 2015 to 2016. These projects and plans are based on what we call a whole of Government approach. So, we operate not in silos but an understanding that every area of Government has a role to play in crime and criminality in Trinidad and Tobago. [*Desk thumping*] We have been exploring the cooperation of using—

Madam President: Hon. Minister, you have one more minute.

Hon. Maj. Gen. E. Dillon: Thank you very much, Madam President. The message I want to say this morning is that in the area of crime in Trinidad and Tobago no one entity can chew it with the issues that confronts us. Crime is not an issue of politics. Crime is an issue that every single citizen in Trinidad and Tobago [*Desk thumping*] must play their hand, and including the Opposition. And, therefore, we ask that we have a responsible Opposition.

I looked at Jamaica. Jamaica is about almost 1,200 murders for last year—I looked at the research—and not a single member of that Opposition said they were in a lawless environment. Yet, we have an Opposition that is alarmist in nature, and not understanding that crime is beyond all of us, and, so, today I say, let us come together for the benefit of the citizens of Trinidad and Tobago and ensure that we deal with it in a responsible manner, Madam President. [*Desk thumping*]

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I thank you.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 3.17 a.m.