

SENATE*Monday, December 19, 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. Franklin Khan, Sen. Khadijah Ameen and Sen. Daniel Solomon who are out of the country.

SENATORS' APPOINTMENT

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

“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: MS. ALISHA ROMANO

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

UNREVISED

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, acting in accordance with the advice of the Prime Minister, do hereby appoint you, Alisha Romano to be temporarily a member of the Senate, with effect from 19th December, 2016 and continuing during the absence from Trinidad and Tobago of the said Senator Khan.

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 15th day
of December, 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. GERALD HADEED

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

UNREVISED

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)(b) of the Constitution of the Republic of Trinidad and Tobago, acting in accordance with the advice of the Leader of the Opposition, do hereby appoint you, GERALD HADEED to be temporarily a member of the Senate, with effect from 19th December, 2016 and continuing during the absence from Trinidad and Tobago of the said 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 19th day
of December, 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 MUNRO

WHEREAS Senator Khadijah Ameen is incapable of performing her
duties as a Senator by reason of her absence from Trinidad and Tobago:

NOW, THEREFORE, I, ANTHONY THOMAS AQUINAS
CARMONA, President as aforesaid, in exercise of the power vested in me

UNREVISED

by section 44(1)(a) and section 44(4)(b) of the Constitution of the Republic of Trinidad and Tobago, acting in accordance with the advice of the Leader of the Opposition, do hereby appoint you, WAYNE MUNRO to be temporarily a member of the Senate, with effect from 19th December, 2016 and continuing during the absence from Trinidad and Tobago of the said Senator Khadijah Ameen.

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 19th day
of December, 2016."

OATH OF ALLEGIANCE

The following Senators took and subscribed the Oath of Allegiance as required by law:

Alisha Romano, Wayne Munro and Gerald Hadeed.

PAPERS LAID

1. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Port of Spain Corporation for the year ended September 30, 2001. [*The Minister of Finance (Hon. Colm Imbert)*]
2. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Port of Spain Corporation for the year ended September 30, 2002. [*Hon. C. Imbert*]
3. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Port of Spain Corporation for the year ended September 30, 2003. [*Hon. C. Imbert*]

4. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Port of Spain Corporation for the year ended September 30, 2004. [*Hon. C. Imbert*]
5. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Port of Spain Corporation for the year ended September 30, 2005. [*Hon. C. Imbert*]
6. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Port of Spain Corporation for the year ended September 30, 2006. [*Hon. C. Imbert*]
7. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Port of Spain Corporation for the year ended September 30, 2007. [*Hon. C. Imbert*]
8. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Port of Spain Corporation for the year ended September 30, 2008. [*Hon. C. Imbert*]
9. Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Penal/Debe Regional Corporation for the year ended September 30, 2008. [*Hon. C. Imbert*]
10. Audited Financial Statements of EXIMBANK for the financial year ended December 31, 2015. [*Hon. C. Imbert*]
11. Audited Financial Statements of Taurus Services Limited for the financial year ended September 30, 2015. [*Hon. C. Imbert*]
12. Consolidated Annual Audited Financial Statements of exporTT Limited for the financial year ended September 30, 2015. [*Hon. C. Imbert*]
13. Supreme Court of Judicature (Variation of Rate of Interest of Interest on Judgment Debt) Order, 2016. [*Hon. C. Imbert*]

14. Petty Civil Courts (Variation of Rate of Interest on Judgement Debt) Order, 2016. [*Hon. C. Imbert*]
15. Annual Audited Financial Statements of the University of Trinidad and Tobago for the year ended September 30, 2008. [*Hon. C. Imbert*]
16. Annual Audited Financial Statements of the University of Trinidad and Tobago for the year ended September 30, 2009. [*Hon. C. Imbert*]
17. Annual Audited Financial Statements of the University of Trinidad and Tobago for the year ended September 30, 2010. [*Hon. C. Imbert*]
18. Annual Audited Financial Statements of the University of Trinidad and Tobago for the year ended September 30, 2011. [*Hon. C. Imbert*]
19. Annual Audited Financial Statements of the University of Trinidad and Tobago for the year ended September 30, 2012. [*Hon. C. Imbert*]
20. Consolidated Financial Statements of Trinidad and Tobago Creative Industries Company Limited for the year ended September 30, 2014. [*Hon. C. Imbert*]
21. Annual Administrative Report of the Palo Seco Agricultural Enterprises Limited (PSAEL) for the financial year 2010 to 2011. [*The Minister of Rural Development and Local Government (Sen. The Hon. Kazim Hosein)*]
22. Annual Administrative Report of the Princes Town Regional Corporation for the period 2013 to 2014. [*Sen. The Hon. K. Hosein*]
23. Annual Administrative Report of the Princes Town Regional Corporation for the period 2014 to 2015. [*Sen. The Hon. K. Hosein*]
24. The Civil Aviation [(No. 2) Operations] (Amendment) Regulations, 2016. [*The Minister of Works and Transport (Sen. The Hon. Rohan Sinanan)*]
25. The Civil Aviation [(No. 3) Air Operator Certification and Administration] (Amendment) Regulations, 2016. [*Sen. The Hon. R. Sinanan*]

26. Civil Aviation [(No. 4) Registration and Markings] (Amendment) Regulations, 2016. [*Sen. The Hon. R. Sinanan*]
27. Civil Aviation [(No. 5) Airworthiness] (Amendment) Regulations, 2016. [*Sen. The Hon. R. Sinanan*]
28. Civil Aviation [(No. 7) Instruments and Equipment] (Amendment) Regulations, 2016. [*Sen. The Hon. R. Sinanan*]
29. Civil Aviation [(No. 10) Foreign Operator] (Amendment) Regulations, 2016. [*Sen. The Hon. R. Sinanan*]
30. Civil Aviation [(No. 13) Charges for Air Navigation Services] (Amendment) Regulations, 2016. [*Sen. The Hon. R. Sinanan*]
31. Civil Aviation [(No. 14) Aircraft Accident and Incident Investigation] (Amendment) Regulations, 2016. [*Sen. The Hon. R. Sinanan*]
32. Civil Aviation [(No. 15) Air Navigation Services] (Amendment) Regulations, 2016. [*Sen. The Hon. R. Sinanan*]
33. Civil Aviation [(No. 17) Economic] Regulations, 2016. [*Sen. The Hon. R. Sinanan*]
34. Civil Aviation [(No. 19) Unmanned Aircraft Systems] Regulations, 2016. [*Sen. The Hon. R. Sinanan*]
35. Annual Report of the Telecommunications Authority of Trinidad and Tobago (TATT) for the year 2015. [*The Minister of Trade and Industry (Sen. The Hon. Paula Gopee-Scoon)*]
36. Annual Administrative Report of the Office of the Prime Minister for the financial year October 2014 to September 2015. [*Sen. The Hon. P. Gopee-Scoon*]
37. Breakdown of Expenses to the Commission of Enquiry into the failure of CL Financial Limited, Colonial Life Insurance Company (Trinidad) Limited,

Clico Investment Bank Limited, British American Insurance Company (Trinidad) Limited, Caribbean Money Market Brokers Limited and the Hindu Credit Union Co-operative Society Limited. [*Sen. The Hon. P. Gopee-Scoon*]

38. Third Ministerial Response on the First Report of the Joint Select Committee on Human Rights, Equality and Diversity on the Support Programmes and Services for Children whose Parent or Guardian was the Perpetrator or Victim of a Violent Offence. [*Sen. The Hon. P. Gopee-Scoon*]
39. Seventh Ministerial Response on the Second Report of the Joint Select Committee on Human Rights, Equality and Diversity on the Challenges Faced by Persons with Disabilities with Specific Focus on Access to Services and Employment. [*Sen. The Hon. P. Gopee-Scoon*]
40. Eighth Ministerial Response on the Second Report of the Joint Select Committee on Human Rights, Equality and Diversity on the Challenges Faced by Persons with Disabilities with Specific Focus on Access to Services and Employment. [*Sen. The Hon. P. Gopee-Scoon*]
41. Annual Administrative Report of the Ministry of National Diversity and Social Integration for the fiscal year 2013 to 2014. [*Sen. The Hon. P. Gopee-Scoon*]
42. Annual Administrative Report of the East Port of Spain Development Company Limited (EPOSDC) for the year 2013. [*Sen. The Hon. P. Gopee-Scoon*]
43. Annual Administrative Report of the East Port of Spain Development Company Limited (EPOSDC) for the year 2014. [*Sen. The Hon. P. Gopee-Scoon*]

44. Annual Administrative Report of the Ministry of Public Utilities for the fiscal year 2015. [*Sen. The Hon. P. Gopee-Scoon*]
45. 38th Annual Report of the Ombudsman for the period January 2015 to December 2015. [*The Vice-President (Sen. Nigel De Freitas)*]

JOINT SELECT COMMITTEE REPORTS

(Presentation)

Land and Physical Infrastructure

(Land Tenure Issues in Trinidad and Tobago)

Sen. Stephen Creese: Madam President, I have the honour to present the following report as listed on the Order Paper in my name:

First Report of the Joint Select Committee on Land and Physical Infrastructure on an Inquiry into Land Tenure Issues in Trinidad and Tobago – Second Session (2016/2017), Eleventh Parliament.

Local Authorities, Statutory Authorities and Service Commissions

(Including the THA)

(Administration of the Tobago House of Assembly)

Sen. H.R. Ian Roach: Madam President, I have the honour to present the following report as listed on the Order Paper in my name:

Second Report of the Joint Select Committee on Local Authorities, Statutory Authorities and Service Commissions (including the THA) on an Inquiry into certain aspects of the administration of the Tobago House of Assembly.

Energy Affairs

(New Production in Energy Industry)

Sen. David Small: Madam President, I have the honour to present the following report as listed on the Order Paper in my name:

First Report of the Joint Select Committee on Energy Affairs on the Strategies and Incentives to promote new production in the Energy Industry with specific focus on the Ministry of Energy and Energy Industries.

Social Services and Public Administration

(Physical and Cyber Bullying)

Sen. Dr. Dhanayshar Mahabir: Madam President, I have the honour to present the following report as listed on the Order Paper in my name:

First Report of the Joint Select Committee on Social Services and Public Administration on an Inquiry into the Current Level of Violence among Students in Schools with particular focus on Physical and Cyber Bullying.

URGENT QUESTIONS

Carnival Stakeholders

(Government Subventions)

Sen. Wade Mark: Thank you, Madam President. To the hon. Minister of Community Development, Culture and the Arts: Given that annual Government subventions to the main Carnival stakeholders have not been paid to date, can the Minister inform the Senate as to what measures are being taken to ensure the timely commencement of preparation for Carnival 2017?

The Minister of Community Development, Culture and the Arts (Hon. Dr. Nyan Gadsby-Dolly): Thank you, Madam President, for the opportunity to respond to this question. I would like to inform this honourable House that preparations for Carnival 2017 indeed began shortly after the completion of Carnival 2016 and have been well under way for months now, and so the question is asking about the timely commencement and in fact, the commencement has been quite timely and it has been going on, contrary to the wording of the question. Members may have noticed booths already going up around the Savannah, vending

booths. Tenders for infrastructure, security, et cetera, are already out and some have been awarded already in terms of contracts.

The question speaks to main Carnival stakeholders, which I assume would be the special interest groups, referring to TUCO, Pan Trinbago and NCBA, who sit on the board of the NCC. The payment for these groups is always in tranches, Madam President, and in fact, the information I have from the NCC speaks to the inaccuracy of the question itself with respect to no payments being made to date. I am in possession of documents from the NCC indicating that TUCO has received to date, for 2017, \$1,529,930; Pan Trinbago, \$7,109,240; and NCBA \$333,722.

So, Madam President, the preparations have been made, have been ongoing and payments have been made to all the main Carnival stakeholders. [*Desk thumping*]

Sen. Mark: May I enquire, through you, Madam President, as to the quantum of subventions allocated to the main stakeholders and when would that completion of the subventions be had?

Hon. Dr. N. Gadsby-Dolly: Madam President, the question seems a little bit broad in terms of a supplemental. However, I would state that the groups are being facilitated with respect to the prizes being paid directly by the NCC, suppliers being paid directly by the NCC, and infrastructure and so on being applied and supplied by the NCC, and so the total subvention that is allocated for the Carnival component is \$7,290,000; for the pan component of Carnival it is \$23,085,000; and for the mas component, it is \$9,450,000; and these deal with the actual completion of the events, not necessarily subventions directly to special interest groups.

Sen. Mark: Madam President, through you again, could the hon. Minister indicate to this honourable Senate, when were these payments that you mentioned to TUCO, the National Carnival Bandleaders Association and Pan Trinbago—the one

million that you said you gave to TUCO and the rest—when were these payments made? Could you give us a date when these payments were made, please?

Hon. Dr. N. Gadsby-Dolly: Madam President, I do not have in my possession all of the dates that refer to the different payments because these payments are accumulation of payments made over time. However, just last week, payments were made directly out of the allocation given to pan to the different groups: single pan, 70—single pan bands received moneys—60 small conventional bands, 29 medium conventional bands, 19 large conventional bands received money as of last week and therefore, this is the correct timing for them as is usual for them to begin and to continue their preparation for Carnival 2017. [*Desk thumping*]

Caribbean Airlines Limited

(Maintenance Measures)

Sen. Wade Mark: To the hon. Minister of Works and Transport: Having regard to the recent grounding of a Caribbean Airlines flight due to engine problems, can the Minister state what maintenance measures CAL, that is Caribbean Airlines, has in place to ensure the safety of both passengers and flight crew?

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam President. The hon. Senator should know that the responsibility for Caribbean Airlines was transferred to the Ministry of Finance under the PP administration many years ago and remains there.

With respect to the question, the aircraft was grounded due to a warning light and in accordance with standard operating procedures, it was withdrawn from service.

With respect to what is being done, the President of ATR Americas is currently meeting with the Caribbean Airlines team and in addition, Caribbean Airlines has obtained from the aircraft manufacturers the required support to get

the aircraft back into service in the shortest time frame. I am advised that Caribbean Airlines strictly adheres to the maintenance programme provided by the manufacturers and approved, most importantly, by the Trinidad and Tobago Civil Aviation Authority.

In this particular instance of this particular aircraft, Caribbean Airlines has gone further and has engaged the manufacturers of the aircraft and engines, ATR, to assist with the troubleshooting exercise. The airline has assured me and by extension the public that the safety of its valued customers and crew remains its number one priority.

Tax Moratorium

(Details of)

Sen. Wade Mark: I think this one is for you for sure. To the Minister of Finance: Given that groceries/supermarkets have already adjusted their prices in compliance with the recent legislation, how will the Minister ensure that the recent tax moratorium on imported wine is transferred to the consumer in time for Christmas?

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam President. Just to correct misinformation in the question, there has been a waiver approved by Cabinet on wine in containers of two litres and above, so it is not on all wine. It is just on wine in containers of two litres capacity and more.

The reason for this is that in the past, persons who imported wine in large containers, also known as box wine, enjoyed the benefit of an almost zero duty but did not pass on this benefit to consumers. So the Cabinet took the decision to regularize the situation and make the duty on wine the same for all types of wine.

However, based on representation from business organizations and other persons in the business sector, the Cabinet decided to waive the application of the duties until the 31st of December to allow businesses who had imported wines prior

to the Cabinet decision to retail the wine at the old subsidized price. In terms of passing it on, it is a free market, it is an open market, one would hope that the businesses will pass it on. If they do not, that is all the more reason why come 1st of January, we will enforce the new duties on the wine.

Sen. Mark: Having regard to the fact that businesses, from what you have said, did not pass on the benefit to consumers, why did the Government decide to waive or to issue a waiver to businesses in this country when you know and the Government is aware that they have not been passing on the benefits to the consumers?

Hon. C. Imbert: Sure and let me clarify something I just said. The retail price of a large container of wine was substantially lower than the retail price of the equivalent number of bottles. So for example, a three-litre container of wine would retail for just over \$100 because it fell into this category where there was minimal duty, whereas the ordinary 750-millilitre or 75 cl bottle, the typical bottle, would also retail for approximately \$100.

The problem arose with the persons who were using it in the hospitality trade where they would be purchasing the wine at \$3 to \$4 per glass but selling it at \$30 or \$40 per glass and the original initiative, many, many years ago, came from the hospitality sector where they said in order for Trinidad and Tobago to be competitive, we should reduce—well not we, the country should reduce the duty on wine to allow them to sell it at a low price to attract tourists but it did not happen. If you go to any restaurant, any hotel, it is \$30, \$40 for a bottle of wine so that is why we took the decision. But we decided just for this period, the Christmas period, the items that would be sold in the groceries we expect will continue to be retailed at \$100, \$120 but come January 1st, the new regime will kick in.

Sen. Mark: I do not have a second one?

Madam President: You do but just to point out that the 10-minute period for Urgent Questions has just expired. With the leave of the Senate, I will let Sen Mark just ask his question.

Sen. Mark: Okay, thank you very much. Madam President, I would like to ask the hon. Minister if he could identify for us, apart from the hotels or the hotel industry—my information is that the Chamber of Industry and Commerce also approached the Minister of Finance—and maybe he can explain to us which other organizations would have approached him to encourage the Government to issue a waiver on this matter based on what he has submitted?

2.00 p.m.

Hon. C. Imbert: That was a very broad interpretation of a supplemental question. But, the first approach came from the Chamber of Commerce and the second approach came from the hotel organizations.

ANSWERS TO QUESTIONS

The Minister of Trade and Industry (Sen. The Hon. Paula Gopee-Scoon): Madam President, we are pleased to say that all three oral questions will be answered. However, with regard to Written Question No. 7, it is not yet ready and I would like to ask for a deferral of 14 days.

Sen. Mark: Madam President, before I ask my question. I think that we have given 28 days for written answers and this was due since 29th October, I think. So I would like you—*[Interruption]* No, no, no.

Madam President: Sen. Mark, but you are aware that there is one occasion when it can be deferred, with the leave of the Senate. All right? So that does not arise as yet, so the leave is granted.

Sen. Mark: You are a zero hero, you know.

Madam President: Sen. Mark.

Sen. Mark: Yes, Madam President. I turn to the hon. Minister of Finance. How long he will be there? I do not know. Can the Minister indicate—[*Interruption*]

Madam President: Sen. Mark, no these are the oral questions now. The regular written questions.

Sen. Mark: Oh, I beg your pardon. I was on a flow, you see.

Madam President: Yes.

Sen. Mark: I was on a flow. Anyway, thank you very much, and so on. No further disturbance from you, Sir, Minister of Finance.

State Guaranteed Loan in Excess of US \$1M

(Details of)

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

Can the Minister indicate whether the State has ever guaranteed any loan in excess of US\$1M to any non-public company?

The Minister of Finance (Hon. Colm Imbert): No.

Sen. Mark: A—[*Inaudible*] response from this arrogant Minister. But it is no problem. That is his behaviour. That is why he was—[*Interruption*]

Madam President: No. Sen. Mark, do you have a supplemental?

Sen. Mark: Yes, I was coming to it.

Madam President: Sure.

Sen. Mark: Can the Minister identify for this honourable Parliament, the name of this non-public company that received this US, in excess of US \$1 million?

Hon. C. Imbert: I said no.

Madam President: Sen. Mark, just have a seat. The question was posed. The Minister has answered saying no, that this has not been done. Therefore, what you are asking now does not arise from the answer that the Minister has given.

Sen. Mark: May I proceed, Ma'am?

Madam President: To the next question?

Sen. Mark: Yes.

Madam President: Yes.

Sen. Mark: I will deal with this on another occasion. I do not want any threats across the floor.

Madam President: Let us proceed, Sen. Mark.

Sen. Mark: I hope that he knows that.

Worsening Road Conditions

(Chatham Village, Cedros)

8. Sen. Wade Mark asked the hon. Minister of Works and Transport:

In light of the worsening road conditions in Chatham Village, Cedros, can the Minister state what steps will be taken to provide relief to the road users?

The Minister of Works and Transport (Sen. The Hon. Rohan Sinanan):

Thank you, Madam President. In Chatham Village, Cedros, there are four roads under the jurisdiction of the Ministry of Works, Highways Division. They are the Chatham Road, north; the Chatham Road, south; Erin Road and the Southern Main Road. The Southern Main Road is in good condition. The Ministry is aware that the asphalt is dilapidated and there are potholes in the first kilometre of the Chatham North Road and the Chatham Road, south.

The Highways Division, through its routine maintenance programme, has been conducting pothole and surface patching in order to maintain a passable road. Patching along the Chatman Road, south will continue on December 19, 2016, for short-term relief. Total rehabilitation of the Chatham Road, north and the Chatham Road, south, will be executed in the fourth quarter of fiscal 2016/2017, subject to the availability of funds.

It must be noted that there are two landslips between 95 kilometre and 95.6 kilometre on the Southern Main Road that are being repaired by the programme of Upgrade Road Efficiency Unit in the Ministry of Works and Transport.

The first landslip is in the process of repair and is expected to be completed by the end of February 2017. However, there have been delays on this project pending the completion of works by the Water and Sewerage Authority. The second landslip, which is currently in the design phase, will also be done by the PURE Unit. It is expected that work will commence as soon as designs are completed. Thank you.

Former Workers of OAS Construtora

(Details of Outstanding Wages)

9. Sen. Wade Mark asked the hon. Minister of Labour and Small Enterprise Development:

Can the Minister state what steps will be taken to ensure the payment of outstanding wages to former workers of OAS Construtora?

The Minister of Labour and Small Enterprise Development (Sen. The Hon. Jennifer Baptiste-Primus): Thank you very much, Madam President, for the opportunity to respond to Sen. Wade Mark's question.

This Government, Madam President, remains deeply concerned about the number of reported cases of retrenchment and the job losses in Trinidad and Tobago, including the payment of severance benefits to eligible workers. Specifically, Madam President, the Minister of Labour and Small Enterprise Development received a notice from OAS Construtora, also called OAS, in March 2016, of the termination of the services of 879 workers due to reasons of redundancy attributed to the cessation of Sir Solomon Hochoy Highway, the Extension to Point Fortin Project. The company stated in its correspondence that, and I quote:

Severance benefits due and owing to each worker shall be paid within 30 days of the termination notice, that is on or before May 25, 2016.

Madam President, following this, in a letter to the Minister, dated 1st June, 2016, the Oilfields Workers' Trade Union advised that the company, in its letter to the union, dated May 23, 2016, informed the union of its inability to make outstanding payments due to workers, inclusion of severance payments and requested the intervention of the Minister of Labour and Small Enterprise Development. However, the matter between OAS and the union is currently before the Industrial Court of Trinidad and Tobago and it is thus currently outside the remit of the Minister of Labour and Small Enterprise Development.

Madam President, it is to be noted that the workers have asked for their payment to be made out of moneys recovered by Nidco from OAS. However, this is a complex matter, since there is no privity of contract or nexus between Nidco and the workers, since they were not employed by Nidco.

Further, from a legal perspective, the money recovered by Nidco, under the terms of construction contract between Nidco and OAS is for the specific purpose of compensating the Government for cost overruns and losses incurred on the highway project, which run into the billions of dollars. These funds, Madam President, cannot be used for other purposes.

Notwithstanding this fact, the Minister of Labour and Small Enterprise Development is committed to continuing working with all parties involved, that is OAS Construtora and OWTU, to seek to find a suitable settlement of this issue. Thank you, Madam President.

Sen. Mark: Madam President, could the hon. Minister indicate, in light of the growing trend by employers to retrench and not honour severance payments, whether the Minister is contemplating the establishment of a severance fund that

would compel employers to place into that fund workers' severance, so in the event of a shutdown of operations, the workers will not suffer? Is the Minister and the Government contemplating measures to prevent such an occurrence, as has happened with those workers?

Sen. The Hon. J. Baptiste-Primus: Madam President, this Government is committed to taking all and any steps necessary to offer workers of Trinidad and Tobago the level of protection required under such circumstances.

Sen. Mark: Madam President, through you again, to the hon. Minister, could the hon. Minister indicate to this House when can we expect the Retrenchment and Severance Benefits Act, new, revised, Retrenchment and Severance Benefits Act, to be tabled in this honourable Parliament to deal with this growing problem confronting workers in this country?

Sen. The Hon. J. Baptiste-Primus: Madam President, as my good friend would be aware, because I reported that previously to this House, there was a consultation on the Retrenchment and Severance Benefits Act. As a matter of fact, the officials at the Ministry and the stakeholders and myself, we fast-forwarded the consultation, which was held earlier this year. A time frame was established for the stakeholders to have another bite of the cherry by submitting written comments.

Following that, acting on the advice of the International Labour Organization, a working group was appointed by the Minister, consisting of the business stakeholders, active trade unions, under the chairpersonship of our senior legal officer at the Ministry of Labour and Small Enterprise Development. That working group, they completed their deliberations and an interim report is now before me for consideration, signing off and then taking to Cabinet. Once it goes to Cabinet then, of course, the hon. Attorney General will do what he has to do.

But we are prepared to work very speedily to bring such legislation to the Parliament early in 2017.

MISCELLANEOUS PROVISIONS (MARRIAGE) BILL, 2016

Bill to amend the Marriage Act, Chap. 45:01, the Muslim Marriage and Divorce Act, Chap. 45:02, the Hindu Marriage Act, Chap. 45:03, the Orisa Marriage Act, Chap.45:04 and the Matrimonial Proceedings and Property Act, Chap. 45:51 [*The Attorney General*]; read the first time.

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC PROPERTY (AMDT.) BILL, 2016

Bill to amend the Public Procurement and Disposal of Public Property Act, 2015 to reduce the term of office for the Regulator and other members of the Board appointed to govern the Office of Procurement Regulation [*The Minister of Finance*]; read the first time.

JOINT SELECT COMMITTEES (APPOINTMENT OF)

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

Madam President, I beg to move the following Motion:

Be it resolved that this Senate agree to the following appointments:

On the Joint Select Committee on Human Rights, Equality and Diversity,
Mr. Kazim Hosein, in lieu of Miss Sarah Budhu;

On the Joint Select Committee on Land and Physical Infrastructure, Mr.
Nigel De Freitas, in lieu of Mr. Rohan Sinanan;

On the Joint Select Committee on Energy Affairs, Mr. Kazim Hosein, in lieu
of Mr. Franklin Khan;

On the Joint Select Committee on National Security, Mr. Paul Richards, in lieu of Mr. Taurel Shrikissoon;

On the Joint Select Committee on Parliamentary Broadcasting, Mr. Taurel Shrikissoon, in lieu of Mr. Paul Richards;

On the Public Accounts Committee, Miss Jennifer Raffoul, in lieu of Dr. Dhanayshar Mahabir; on the Joint Select Committee on Human Rights, Equality and Diversity, Dr. Dhanayshar Mahabir, in lieu of Miss Jennifer Raffoul;

On the Joint Select Committee on Foreign Affairs, Miss Melissa Ramkissoon, in lieu of Dr. Dhanayshar Mahabir; and

On the Public Administration and Appropriations Committee, Dr. Dhanayshar Mahabir, in lieu of Miss Melissa Ramkissoon.

Question put and agreed to.

FINANCE (NO. 3) BILL, 2016

Order for second reading read.

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

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 Senate, the Finance Bill, (No. 3), deals with, essentially, three matters. The first matter, as indicated in the Explanatory Note, is adjustment to current provisions for Government Savings Bonds, to increase the total value of bonds, which can be issued by the Minister, from the current limit of \$300million to \$2billion, and also to introduce a new type of bond called the National Savings Bond. This would have been Part II of the Bill.

Next two Parts deal with the same thing. They introduce a two-tier marginal rate of tax. In Part III, the Income Tax Act is to be amended to provide that the rate of tax payable on the chargeable income of a person, as an individual, other than a company, will be 25 per cent, the current rate; 25 cents for every dollar, up to \$1million of chargeable income and 30 cents for every dollar that exceeds \$1million of chargeable income. So the tax rate, after you take out your deductions, your lawful deductions, once your income is less than \$1million per annum, as an individual, your tax rate will be the current 25 per cent. If after that calculation is done, your chargeable income exceeds \$1million per annum, then for every dollar that exceeds the \$1 million, there is an additional 5 per cent, taking the tax rate up to 30 per cent.

The same is done in Part IV with the corporation tax amendment, which does the identical thing for companies where, if their chargeable profits are below\$1 million per annum, the tax rate will be 25 per cent, and if their chargeable profits are in excess of \$1million per annum, the tax rate would be an additional 5 per cent on every dollar above that \$1 million of chargeable profit.

The final Part of the Bill is required to introduce a new tax called the online purchase tax, which is designed to control foreign exchange outflows in the first instance and also to raise some revenue. The online purchase tax is being charged, as we speak, at a rate of 7 per cent on the value of the good.

Let me do some further explanation, Madam President. In our legal system, there is a device called the Provisional Collection of Taxes Order. When one looks at the laws, one sees that the Provisional Collection of Taxes Order must be published during the debate on the Appropriation Bill. So, before the debate is completed, in this particular case in the Senate, the Provisional Collection of Taxes must be published. So it must flow from the measures that are being discussed that

form part of the appropriation.

There is no opportunity after the Bill is passed and assented to and becomes an Act for a Provisional Collection of Taxes Order to be published and Governments, for the last 50-odd years, have used the Provisional Collection of Taxes Order to impose new taxes or to vary/increase, very rarely decrease, although we did it with Value Added Tax, taxes that exist. So that, when the Appropriation Bill was laid in this House on 30th September and subsequently laid in the other place on 30th September, 2016, and subsequently debated and passed by both Houses by the end of October, during that period the Provisional Collection of Taxes Order was published. It was published on 19th October. It allowed for, among other things, the immediate collection of taxes imposed on goods purchased via the Internet, which is a new tax and some other things.

Now, if you go into the law, the Provisional Collection of Taxes Act, at section 3(2), provides that where the tax is a new imposition, it is a new tax, the Order has life for a period of four months from the date of publication, after which, it will have no effect. So that the Provisional Collection of Taxes Order, 19th October, allows the online tax to be collected for up to a period of four months, until and unless a Bill is brought to Parliament and it is made into an Act, which is in fact the Bill before us today.

Notwithstanding the Provisional Collection of Taxes Act itself, section 3(3) indicates that the Order shall cease to have effect when an Act comes into operation imposing with or without modification plus tax. So that, we are way in advance of the four months' time limit. That would have put us some time into February next year, February 18th or something like that. So we are way in advance. I could have come next year, but what would have happened, since the online tax is incorporated into the Finance Bill (No. 3), it would have affected

other measures and one of the very important measures is the collection of what is colloquially known as the millionaire tax, which we would like to collect from 1st January, 2017, which is what I indicated in the Budget Statement, and that date is the basis of our estimates of the quantum of tax we will collect from this so-called millionaire tax.

So, rather than wait until January or February to come with the Bill in this place, we have already passed it in the House of Representatives, it was appropriate to come to this Senate before 31st December, so that the millionaire tax could be collected from 1st January. So that is why I am here taking up some of your Christmas time. I could have left it, but we are talking about \$500 million. We are talking about over \$1 million a day. So if I had left it until the 15th or 20th January, we could have lost \$20 million to \$30 million in revenue, which is something that we desperately need at this point in time.

Now to go through the Bill itself, clause 1 is self-explanatory. It is the short title. Clause 2 is a commencement provision giving one date, 1st January, 2017 for the effective date of the clauses dealing with the Government Savings Bonds, clauses dealing with the amendment to the Income Tax Act, with respect to the millionaire tax and the clause dealing with the amendment to the corporation tax. The online purchase tax will take effect by way of the Act when this legislation is passed in this Senate and assented to by the President. But as I have already indicated it is already in effect by virtue of another mechanism, the Provisional Collection of Taxes Order.

So clause 2 gives the commencement provision. If I could go in—well, I have already spoken about the online purchase tax, but I would like to give the Senate some information. We have already spoken about it, how it would be applied, and so on but I would give some information. For the first 11 days after

the Order was published, the Government collected just about \$1 million from the online purchase tax. In the month of November, we collected \$2.5 million and so far, for the first half of December, we have collected \$2.5 million. Of course, there would always be a higher utilization of online shopping at Christmas time but we should cross \$3 million and possibly get up to three and a half million by the end of December.

Now, this is a new tax. There are a lot of issues, in terms of interpretation, a lot of questions about who it should apply to, whether it applies to individuals, whether it applies to businesses, and I just want to reiterate what I have already said in the Parliament that the tax applies to individuals, it applies to individuals who use an electronic transaction to purchase a good online, using the definition in the Electronic Transactions Act—it does not apply to—and the good must be imported for the person's own personal use. So it does not apply to small businesses or businesses that use air transportation to bring in items for distribution and resale. It does not affect businesses. It is individuals buying consumer items online by way of an electronic transaction, importing these items for their own personal use and it is being collected at the bonded warehouses, in the same way that Value Added Tax has been collected for many, many years and customs duties is being collected for many, many years.

In fact, if you look at your invoice—I will confess that I do some online shopping from time to time. I just purchased an item that cost US \$20. I thought it was appropriate to do so, and I notice on my invoice from the company, I saw “Value Added Tax, customs duty, online tax” printed on my invoice. I think it will take some time for people to get accustomed to the system. Of course there is going to be attempts at avoidance. People will try to cheat. They will try to undervalue the good to avoid paying the taxes. And what this has done for us,

what has assisted the Government, in terms of revenue collection is to put a greater focus, a spotlight, on goods purchased and brought into Trinidad, by air, through skyboxes and other air couriers and allowed us to look at the efficiency of tax collection, and as you may or not be aware, Madam President, a lot of people bring in items and value them at zero. If you look at the invoice you actually see declared value zero. So, quite a few people have been getting away for some time. So this has helped us to improve the efficiency of revenue collection.

With respect to the other taxes, the rationale behind taxing the wealthy, Sen. Hadeed—[*Interruption*]

Sen. Hadeed: Why do you refer to me? I am a poor humble servant.

Hon. C. Imbert: Yes, Madam President, as I was telling Sen. Hadeed just now, the rationale behind taxing the wealthy—[*Interruption*]

Sen. Hadeed: Like yourself.

Hon. C. Imbert: “Yeah, sure. I ain close to you”. If you look at the list of countries by personal income tax, and this is something that is current, this is current as of 16th December, in the United States, the tax rate is 39.6 per cent; in the Euro area, 42 per cent; in China, believe it or not, 45 per cent; in Japan, 55 per cent; in Germany, 47 per cent; in France, 50 per cent; in India, 35 per cent; in Italy, 48 per cent; in Brazil, 27 per cent; in Canada, 33 per cent; in Korea, 38 per cent; in Australia, 47 per cent; and so on, and so on. Many countries are in the 30 to 33 per cent rate. So Trinidad and Tobago stands out as one of the countries with one of the lower tax rates in the world.

But all over the world there has always been a focus on whether you should collect tax from high net-worth individuals and I actually have a document which was given to me from the National Audit Office, which is the equivalent of our Auditor General’s Office, in the United Kingdom, and it is a report on the

approach of Her Majesty's revenue and customs to collecting tax from high net-worth individuals and it is interesting.

2.30 p.m.

We have not started to do this in Trinidad and Tobago yet, Sen. Hadeed, but what—[*Interruption*]

Sen. Hadeed: It is coming.

Hon. C. Imbert: I did not say it was coming. I am just saying that the United Kingdom has noticed that in the UK high net worth individuals avoid tax. They pay themselves very small salaries. They own multimillion dollar businesses and they pay themselves very small salaries and they avoid tax.

So what the revenue and customs in the United Kingdom is seeking to do is to focus on the people in the businesses it considers posed the greatest risk by not paying the correct amount of tax, and one such group is high net worth individuals who are the wealthiest people in the United Kingdom. They looked at approximately 6,500 high net worth individuals at the start of the 2016 fiscal year and these are people who have a net worth of more than £20 million, and that is all the assets that they own, such as property, stocks, savings, et cetera. They looked at what individuals do in terms of how much tax they pay, in terms of their net worth and how much tax other people pay, people who are not considered to be very wealthy or high net worth individuals, and what they found is that these particular individuals—as I said, they avoid tax by using transfer of property and using other means in terms of transfer of assets and other non-cash transactions to avoid paying tax. So what they are doing in the UK is that they are going to be scrutinizing these people very, very carefully. Each one of them will be assigned a special customer relationship manager who will be auditing their affairs to see whether they are avoiding tax, or whether they are cheating, and looking at risks

that come from these high net individuals.

Now in Trinidad and Tobago we are not doing that. I would not even say yet. We are not doing that. But since we are in a difficult situation right now we must spread the burden across as equitably as we can and we have done some things as a Government that affect people in the working class, people at the lower end of the income spectrum, and therefore, we must seek to spread the burden equitably and this is why we are targeting persons in the upper end of the spectrum and I was quite surprised to learn that the estimate from the Board of Inland Revenue in terms of individuals—we are not talking companies now—who have an income after deductions in excess of \$1 million per annum, which means they are earning \$80,000 a month after deductions, that we could generate \$80 million from these people just by adding 5 per cent onto the additional income they earn over \$1 million. So think about that, Madam President. Just think about that. It means that if you are generating \$80 million, that means the tax base is 20 times that. That is \$1.6 billion you are talking about that is being paid to these very wealthy individuals outside there, and the companies are considerably more.

My understanding is that we can generate over \$500 million from companies that earn chargeable profits of over \$1 million or more. So that we felt since everybody is being affected at a lower end, we felt it was now necessary to ask the people at the upper end to share in the burden and I am sure everybody in this Senate, especially Sen. Hadeed, will agree that this is a very equitable measure. I would also like to say that I have asked—bearing in mind some of the statements made by hon. Sen. Mahabir on previous occasions—the Budgets Division to give me some information on the fiscal outturn for the couple months of the fiscal year so far. I hope to get it before the end of the debate so I could deal with that in my wrapping up, but suffice it to say that the Government must turn its focus now in

terms of diversification and transformation of the economy.

We must turn our focus now to provide incentives for those companies that are net earners of foreign exchange, because we have a situation in this country where a lot of the foreign exchange that is used up and is creating a problem are net consumers of foreign exchange. So you are talking about the companies that import foreign goods—motor cars in particular is an example—or just simply foreign items that are manufactured abroad and imported into Trinidad—furniture, appliances and all of these sorts of things. All of these companies are net consumers of foreign exchange and we will not be able to diversify our economy and put our economy on a sustainable basis unless we start focusing on companies that earn foreign exchange. So this is where the Trinidad and Tobago manufacturers come in who are making quite a lot of headway into Central America and so on, and there are quite a few companies.

I remember, Mr. Lok Jack telling me that his company does not go to the commercial banks for foreign exchange because his companies are so diversified that his group is a net earner of foreign exchange. So they have no requirement to put any pressure on the Treasury, or on the commercial banking system for foreign exchange, but those types of companies are not the norm. So we would be looking at in 2017 to see if we can fashion a programme of incentives which would broaden the base of foreign exchange generation and, of course, using all the state agencies like exporTT, the EXIMBANK and so on, and also looking as if we can create a special window in the Central Bank for businesses that are moving towards this condition because you do not get there overnight. You have to start refocusing and repurposing your business so that you become a net earner of foreign exchange. So we will have to start assisting companies that are moving towards the export market and also perhaps giving them some incentives and

priority in terms of what the Government can offer them.

And with those few words, Madam President, I beg to move. [*Desk thumping*]

Question proposed.

Sen. Wade Mark: Thank you very you much. [*Desk thumping*] Madam President, I rise to make my contribution to the Finance (No. 3) Bill of 2016. I am surprised, however, that my hon. colleague did not spend some time, as he normally would do, in detailing the benefits and challenges surrounding Government savings bonds which was a measure that was advocated by colleagues in this honourable Senate and he just skirted that issue completely. I will spend some time on what he has not spent any time on.

Madam President, I want to remind you and this honourable Senate that we came here on the 15th of November to debate the Finance (No. 3) Bill that we are debating today, and we were then told by the Government that they got advice from the Treasury Solicitor that there is no need to debate that Bill and they have until February 20, 2017, four months to do so. So I was a bit surprised. I am a bit surprised, Madam President, that we are summoned six days before the birth of Christ, to this place, to discuss the very matter that we came to discuss on the 15th of November, but that was campaign time. So the Government and so on was more interested in campaigning and we got this frivolous excuse that they got advice, and we got a commitment from the then Minister of Local Government who has been replaced by the now new Minister of Local Government—he is now the Minister of Energy and Energy Industries. He is not here today—that he would make available a copy of the advice, but so disrespectful is this Government that the Minister of Finance called a press conference and he made copies available to the media. Up to now, as we speak, the Government has not made a copy of that

opinion available to Members of this Senate, but the media got it and we are yet to receive it.

I also wanted the hon. Minister to tell this Parliament why is he picking and choosing and dealing with this budget on a piecemeal nature. I thought the Appropriation Bill was a comprehensive package of measures, but we have on our Order Paper, Madam President, three Motions on excise duties for tobacco, on excise duties, alcohol. So it is alcohol, tobacco and those importing alcohol and other products, but I would like the Minister to tell us why we are not debating that today.

Hon. Imbert: It is not relevant.

Sen. W. Mark: It is not relevant? But we are dealing with some measures today. The Minister talks about us placing emphasis on diversification, but where was this Minister a year ago? Where was the Minister 15 months ago on diversification, new streams of income in order to ensure that this economy continues to transform and to grow? Where was he? He seems like Rip Van Winkle. He was sleeping for 20 years and he has now awakened. Madam President, I do not have to tell you that the economic policies of this regime, PNM, have failed. [*Desk thumping*] I do not have to tell you that again, and those measures that we have here today arising from the failed 2016 and 2017—because we are predicting that the 2016/2017 fiscal package is going to be another failure on the part of this Government. [*Desk thumping*]

So those measures that we have before us, Madam President, have arisen out of the total appropriation package of 2016/2017, but the Governor of the Central Bank in his monetary report dated November of 2016—and we saw in today's papers, ECLAC of the United Nations, ECLAC has now indicated that 2016 is going to be a completely difficult year for this economy of Trinidad and Tobago.

So here it is we are dealing with measures arising out of the 2016/2017 package and the first one deals with Government savings bonds, and the Minister intends to extend, to increase the ceiling from \$300 million to \$2 billion and this is supposed to take effect from 1st of January, 2017. This is to encourage, according to the Minister, savings among the ordinary people and give them some interest, maybe 3.80, 5 per cent depending on what the Minister decides the prevailing interest rate would be for Government savings bonds. But this said Minister gave us an undertaking a short while ago that he has power under the Central Bank Act to rein in bankers who are having a field day on ordinary people in this country, where you get zero per cent, literally, on your savings at these commercial banks.

The amount of criminal fees that they imposed on ordinary people, they charge you for savings, saving your own money, and when you withdraw they charge you for withdrawing your money. We want to know what the Minister of Finance and his colleague at the Central Bank, the Governor, are doing about this. But instead of facing the music and confronting these bankers who are ripping off this nation, making profits like it is going out of style, one recorded \$1.2 billion in clear net profit; another one \$625 million; another one \$760 million. And so they are continuing to just increase their profits whilst small and medium size businesses in this country are experiencing challenges to grow and to develop. But do you know what the Minister has decided to do? Take the easy road.

So he has gone to raise Government Savings Bonds, as they call them National Savings Bonds. So that is to encourage the small people to invest. But, Madam President, I want to tell you that whilst poor people would be able to get some interest on Government National Savings Bonds in terms of a higher rate of interest, we want to advise the Minister that it was just a few—in fact, a year ago we came right here and we approved close to, I think it was about \$50 billion in

terms of the Development Loans Act, the Guarantee of Loans (Companies) Act, the External Loans Act, the Guarantee of Loans (Statutory Authorities) Act. The Minister got about \$50 billion in loans that he can now access.

I would have wanted the Minister to tell us when he is accessing, or when people access these National Savings Bonds and they use them to save—the Government will be getting moneys from these savings, these investments, and therefore, the Government is going to be engaging on borrowing because when you buy bonds you must pay for those bonds, and the Government will be getting those savings from the people and they can go up to a maximum of \$2 billion.

So we would have liked the Minister of Finance to tell us, with this mounting debt that we have in this country—I read in the papers just last week where the Government is about to borrow \$500 million to deal with recurrent expenditure via a fixed interest bond of I think about 3.80 per cent. The Central Bank is doing that exercise for the Government and they expect to raise \$500 million to deal with recurrent expenditure. I also saw where TGU has employed a company call Credit Suisse to raise what? Six hundred million US dollars to repay the Government. When we total that, Madam President, we got close to \$5 billion that the Government is about to borrow.

Hon. Imbert: Government is not borrowing that.

Sen. W. Mark: TGU is owned by the State.

Hon. Imbert: It is not owned by the Government.

Sen. W. Mark: It is a State guaranteed loan. Madam President, what I am concerned about and what we are concerned about is the mounting debt. Apart from the deaths and the murders that we have in this country, I am concerned about the mounting debt in this country.

I recall the hon. Minister telling this country some time ago that 60 per cent

of debt to GDP is a danger zone, a red line that he does not want to cross, and today I read in the papers and among the statistics given to me that our debt to GDP is close to 61.1 per cent of the GDP. We understand that the rate that this Government is going, by the end of this year, by the first quarter of next year, that will shoot up to 70 per cent of debt to GDP. [*Desk thumping*]

Madam President, you know and I know nothing is wrong with borrowing. What is wrong with borrowing? Nothing is wrong with borrowing. The problem is what are you doing when you borrow the money? Are you borrowing money to invest in productive activity so we can have returns on what we borrow? [*Desk thumping*] You do not borrow money to pay recurrent expenditure. You do not do that because in any event we have to pay it back, and the Minister could advise us again—[*Ringing of cell phone*] I think some phone is going off. I think it is the Minister's phone. Oh, I see. Okay. Oh, your computer. Well switch it off nah. Switch off your computer. Listen to us and stop listening to your computer. That is your problem. That is why you were recently removed.

Madam President: Sen. Mark!

Sen. W. Mark: I think he has been removed.

Madam President: Sen. Mark!

Sen. W. Mark: Okay. That is the first phase before another removal takes place.

So Madam President, I do not expect him to respond to us. He has treated this country's citizens—we represent close to 400,000 people in this country [*Desk thumping*] and you have treated 400,000 people with utter contempt and contumely, but we are not worried about that. On November 28th they sent a message. That is the first message they sent to you. The next one is coming in 2019 if not before. So continue with your humiliation, and your contempt, and your disrespect. So we want the Minister to tell us: how are we going to deal with

this mounting debt in our country? How are we going to pay it back?

Our estimation according to reports is that the total debt including contingency liabilities and guaranteed loans is close to \$120 billion. Madam President, would you believe that when this PNM Government that is so prudent in its management of the country's resources, when they come in 2015 do you know what was the debt to GDP ratio before the rebasing of the GDP? It was about 44 per cent, but I understand with the rebasing downward of our GDP it went to 50 per cent. In less than 15 months this Government has increased the debt in one year from 50 per cent debt to GDP to 62 per cent and it is rushing towards 70 per cent. Where we are going under this PNM Government? We seem to be going to hell in a hand basket fast. [*Desk thumping*] That is where we seem to be going under this PNM.

So, Madam President, this Government has to be told that when it borrows money it must invest in productive activity and engage in productive investment activities on behalf of the people. Not to take money and just engage in recurrent expenditure. It seems to me that the Government is not learning, but they are harming the people because they come here every other period to do what. The strategy is to raise revenue. What is the strategy to raise revenue; what is the methods? Tax, tax, tax, borrow, borrow, borrow, and the last one that is coming sell out, sell out, sell out our state entities and state enterprises, and jewels of this nation. That is their strategy [*Desk thumping*] but that is not sustainable. It is not sustainable because that would crash because when you sell out all our state assets, when you borrow and you reach 100 per cent debt to GDP or above that and your cannot repay, what is going to happen to us? The IMF that is advising the Minister will no longer be advising him. They will be in charge of him and they will be in charge of the country, and you know what the Minister does not want to do, the

IMF will do. What he does not want to do, the IMF would do. So we are concerned about where our country is going under this failed Minister.

In fact, this country is in an economic coma under this Government. Total economic coma [*Desk thumping*] and we do not need an engineer to take you out of a coma. That is the worse person you could put to take you out of a coma, an engineer in an economic coma. So, Madam President, where are we going? All we get from this Government is old talk and promises, rewriting rules, hijacking corporations, summoning the Permanent Secretary, the CEO of one corporation to the Local Government Ministry and telling her do not take charge. Let who take charge? The fella who is illegally established now. But, Madam President, all these things are signs.

Remember when Hilter came to power he came to hold legally, but they say in Germany freedom is never taken away in one fell swoop. It is taken away by degrees, by degrees, by degrees, and what the Government of the PNM is doing is undermining democracy and this Parliament [*Desk thumping*] inch by inch, step by step, metre by metre. That is what they have been doing and they are specialized in a—they have as talent. I do not want to use the word. I heard the Attorney General giving himself license to use it in the other place. If I were to use it you would stop me, but he had license to do it down here. I do not have license up here because we conduct our affairs differently and the freedom that they have down there they cannot have up here, but I think they are purveyors of terminological inexactitudes. I think they are purveyors of terminological inexactitudes and they specialize in it. And every man—and my good friend, the new Minister of Rural Development and Local Government—[*Interruption*]

3.00 p.m.

Madam President: Sen. Mark?

Sen. W. Mark: Sir—Ma'am, sorry.

Madam President: How about you getting back to the Bill, please? Yes? [*Desk thumping*]

Sen. W. Mark: I am on the Bill. I am. [*Crosstalk*] So we now go to another part of this piece of legislation before us. Besides the question, Madam President, of the Government Savings Bonds which is, as I said, we have problems and challenges with, we go to the corporation tax—hear “nah” it is a popular term. The Minister of Finance, 000 hero. Okay? He now come up with a new term “millionaire tax”, to do what? To save face.

We know that the PNM is committed to a policy of advancing the interest of the supra elite [*Desk thumping*] and big business in this country. [*Desk thumping*] They could jump high, they could jump low, they have no interest in the ordinary people of this country. They are hurting the people and they are harming this economy. That is what they have been doing, Madam President. I would show you the charade and the hypocrisy of this regime in action.

They talk about income tax, anybody—Madam President, you know tax evasion and tax avoidance, that is real in Trinidad and Tobago, you know. It is real. When an economy is crashing at the rate and pace that ours is going down where production is falling—even the ECLAC has to indicate to us, Madam President, that we, the national economy, will contract by 4.5 per cent at the end of this fiscal year when under the PP administration it was 0.5, 0.4. This Government now gone 4.5, close to 5 per cent, Madam President. And not only is the economy contracting at a very fast rate, Madam President, we also have unemployment which the Ministry of Labour and Small Enterprise Development talked about a short while ago. Unemployment is rising in this country. Close to 30,000 people have been laid off in this country. Even the Minister is not aware of the figures.

The Minister is conscious of the fact that any retrenchment that is taking—[*Crosstalk*—not you, I never said you said anything. I said you are not aware, because you have admitted in this—when I say “you”, the hon. Minister indicated that retrenchment under the law beyond five—over you report, five and under you do not report. So what they are doing is that we are doing our own calculations. We are doing our own estimation and the Government knows that unemployment and underemployment is on the rise in this country. They know that. [*Desk thumping*]

My information and the Minister of Rural Development and Local Government must tell us because CEPEP is now under you, the hon. Minister that is. The hon. Minister has been instructed to get rid of close to 6,000 CEPEP workers by the end of January and also a lot of contractors, so the unemployment rate will rise. If that is not so, when the hon. Minister rises to speak, he will say that is not so and CEPEP workers will not be retrenched or be laid off in the number that I have mentioned. You must tell us.

So, Madam President, the Government is saying that corporations and an individual who is earning more than a million dollars—his chargeable income is beyond a million dollars is going to be called upon to pay 5 cents more. So it will go to 30 cents beyond a million dollars once he is earning that. I wish the Minister luck. I wish him luck. I am happy if he can get \$80 million. I would be happy. I hope he does not come and disappoint us, because we know something called tax evasion and tax avoidance in this country. I hope he is lucky. And then he says he is going to get what? Close to \$580 million from business beyond a million dollars chargeable in terms of profits. I wish him luck.

Madam President, we know what is going on in this country. We know when an economy is shrinking at the rate that ours is shrinking, you are going to

get less and less people complying. Do you remember when the Minister came here and told us, Madam President, that the Government expects to raise \$12 billion in VAT? What was the end result? He got almost the same amount that we collected in 2014/2015, a little above that.

So the whole policy to bring 7,000 items that were traditionally zero-rated into the tax bracket of 12 per cent has failed. Do you know why? Businessmen are under pressure in this country—the green levy, business levy, VAT. How much more can they take? So what some of them are doing—many of them may be doing, I do not know—Madam President, no receipt. Buy, no receipt! They are just taking cash. So they are undermining the revenue base of the country, and not because I believe they want to be dishonest, but the reality is that businesses are under pressure, and the Government is just piling on the pressure on people.

Madam President, when we go to the online purchase tax that the Minister has imposed, we call it an airfreight tax. Right? The Minister says here a short while ago that he has collected a couple millions so far. His anticipation is \$70 million by the end of the fiscal year. He may be lucky to get it, Madam President, but we would like to know why not a sea freight tax.

Hon. Imbert: I explain that already.

Sen. W. Mark: You explain that already. You explain so many things that I think sometimes you wonder if you understand what you are explaining. Madam President, I realize something in this country with this hon. Minister and the Government—I would leave him out—of this country. Whenever big business says they want a waiver for high-end vehicles that on the ocean arriving here, they get it. Big business. Hotels he says, Chamber of Industry and Commerce and other big business. They say box wine, we impose a 20 per cent on box wine. They tell the Minister wine to the side. [*Desk thumping*] You understand. Box

wine, 20 per cent duty on box wine. Do you know what happen? They went to the Minister and this Minister in his normal generous mood for big business, not for poor people—he crushes and punishes poor people, but he is there to help the rich and big man in this country. So what does he do? He admits this evening in this Parliament that the Government of Trinidad and Tobago, Madam President, has given a waiver. Madam President, it is here. The waiver is here. It is a remission. Here is the Legal Notice, Legal Notice No. 192. Cabinet sat down last week Thursday, last Thursday, and gave effect to the chamber and the hospitality industry's call for a waiver on wine. So they want box wine for Christmas.

Madam President, do you know what is happening? A crime was committed in this country when an announcement was made some time in the month of April that there will be an increase in alcohol beverages, duties on alcohol beverages and tobacco products since April of 2016, and it only came into effect when the budget was read in September. Madam President, do you know what that resulted in? Warehouses of tobacco products and warehouses of alcoholic beverages came into this country at the old rate, and because they got an indication since April month that I am going to raise this thing by 15 per cent—in the instance of external it was 20 per cent—and they stockpiled and they just exploited the national community, selling at the new price although they paid the old rate. It is the same thing, Madam President, will take place with the box wine. They have imported box wine at the old rate, selling it at the new rate and stockpiling. So come the new year they will be charging you a pound and a crown, courtesy who? The Government of Trinidad and Tobago.

So the Government, Madam President—you know, when poor people—we represent close to 400,000 people. When we made representation to exempt school books, to exempt computers and to exempt sporting material for young people,

what was the Minister's response? The Minister was not concerned about that, Madam President. You see, we are not millionaires. We are not financiers. We here, we here in the Opposition. We on this side are not part of the millionaire club. We are not part of that club. So millionaires, the financiers of the PNM can get away with this.

Madam President, may I read this for you if you did not pick it up, because you see this was done almost in secrecy, because I was not aware of it. It was brought to my attention that the Cabinet, two weeks ago, deliberated on this matter, and they granted a waiver and they only approved it last Thursday. That is what we are understand. Now, I am saying, Madam President, that here it is you have online purchase tax where you are punishing small people. [*Desk thumping*] Madam President, when people ask the Minister to review this online purchase tax, the Minister was adamant he will not do that, but big people the supra elite, the business class who have them under control—[*Interruption*]

Madam President: Sen. Mark.

Sen. W. Mark: Madam President.

Madam President: You have five more minutes, but I just want to caution you on language and ask you to bring it more in line with parliamentary language, please. Thank you.

Sen. W. Mark: What language you are referring to? Could you point it out to me?

Madam President: I would let you know as you go along.

Sen. W. Mark: Okay, okay. I would like to know, because I speak English. English language I speak.

Madam President: Sen. Mark, do not—[*Interruption*]

Sen. W. Mark: Sorry, sorry, sorry. But, Madam President, you told me I have

five more minutes, and I have to obey your instruction. Right? But I want to tell you—I go back to the bonds issue. I want to ask you, Madam President, what confidence people are going to have in these bonds that they are going to invest in, when just some months ago we had the matter of the Minister of Finance coming to the rescue of what you call the no—the name of the company is the Education Facilities Company Limited.

In an advertisement in the *Daily Express* dated Thursday, the 27th of October, 2016, they were going to have a meeting in order to ask bondholders to postpone the payment that was due to them. Do you know why? Because there was a threat to default, and the Minister had to come last minute to tell the country, Madam President, there will be no default. What guarantees do we have when you put your money into Government National Savings Bonds there will not be a crash?

Already I understand the Governor of the Central Bank is allowing the Minister of Finance to use the funds from Treasury Bonds and Treasury Securities that are supposed to be sterilized for purposes of expenditure. Let the Minister tell us we are wrong on this matter. Those are moneys that are not supposed to be touched. But I understand the weak and supine Governor who they appointed, a puppet of this Government—[*Desk thumping*]*—all right, Madam President, you would say he is not a puppet but he is weak. Do you understand? They have done nothing about it.*

So, Madam President, I want to tell you we have no confidence in this Government. I want to warn them if they continue to aggravate this population they will get a message if they continue to aggravate this population. They are pushing this population to the brink with their backward and reactionary policies that are not helping this country, only helping big business. But the people are

sending a warning to you, you cannot continue to terrorize them, harass them and hurt them. They will respond. I hope when they respond the Government could answer. We do not want them to respond, we believe in law and order, and we will do everything in our power to promote law and order [*Desk thumping*] but when you drive people up a wall, Madam President, there comes a time when they would say “enough is enough”. So as far as we are concerned, the Government under this Prime Minister and under this Minister of Finance, literally is in pre-collapse. They are in a state of pre-collapse. Next year is going to be worse.

In closing, I want to let you know, they talk about the dragon dancing, we understand “The dragon cyar dance. The dragon cyar dance”, because the agreement that they signed in Venezuela is a major hoax. It is a hoax, Madam President, because the National Assembly of Venezuela has to approve that and it has not gone to them, and they have given a warning that anyone who has signed that agreement, including our Prime Minister, has committed a crime. I do not know what they meant by that, that our Prime Minister and whoever signed the document has committed a crime. That is in newspapers. So we want to know what this Government is about. Fooling people!

As far as we are concerned, this is a continuation of a failed arrangement. There is no benefit for the poor people in these measures. This is for big people, supra elite, and this Government is rolling and tumbling over to see which big man they could help out the most at the expense of the small people, but we will continue to defend the people.

Madam President, in closing, the masses have sent a message in the local election.

Sen. Gopee-Scoon: Which you lost.

Sen. W. Mark: Yeah, you win. You thief the elections.

Madam President: Sen. Mark.

Sen. W. Mark: Sorry, I withdraw.

Madam President: Sen. Mark, your time is up.

Sen. W. Mark: Okay, thank you. [*Desk thumping*]

Sen. Dr. Dhanayshar Mahabir: Thank you very much, Madam President. Madam President, I would like to focus on the issues at hand. [*Desk thumping and crosstalk*] Well, there will be some old talk as well, but the issues at hand. And first, Madam President, let me delve into the subject of the Finance Bill. The Minister is in this piece of legislation seeking to amend the law, so that in effect the corporate tax rate is going to increase from 25 to 30 per cent—true it is on corporations which earn a million dollars and more in profits, but to a large extent, even small-sized corporations can be expected to earn some \$80,000, \$85,000 a month in profits.

There is, therefore, an increase in the corporate tax rate and one understands the reason for that. The Minister needs to earn revenue, the reason for the online tax on which I would have something to say and also the increase in the income rate for individuals earning in excess of a million dollars a year are measures aimed, Madam President, at expanding the revenue base of the hon. Minister of Finance at a time when he is collecting only \$37 billion, and his expenditure is closer to \$50 billion and there is a huge gap that he has to confront and contend with.

The problem as I see it with the corporate tax rate increase from 25 to 30 per cent is that while we are in effect taking from corporate earnings a greater percentage—5 per cent more—we have to remember that corporate earnings are really used for two purposes: one, to distribute as dividends to the shareholders of the corporation, and second as retained earnings for reinvestment in the business itself.

Reinvestment income is an important component of the capital base of a company where instead of selling more equity, instead of floating bonds or borrowing from commercial banks, it can use its own earnings and expand in that way, so enhancing shareholder equity in the future.

What I would recommend, therefore, for the consideration of the hon. Minister is that every increase in taxes which have associated with it an increase in his revenue can also have a disincentive effect. We need to look at the balance between his revenue increase and the disincentive effect of the higher tax. My recommendation, therefore, given the need for economic diversification—and the Minister did indicate a company, a manufacturing enterprise conglomerate in Trinidad and Tobago which earns its own foreign exchange. We really would like more and more companies to follow that model so that there would be less reliance on the foreign exchange earned from oil and gas for the manufacturing and commercial sectors in Trinidad and Tobago.

So that if the Minister can give consideration to the following, I think the 30 per cent increase in the corporate tax will not have the adverse consequences which it could potentially have and, that is, the consideration of this concept of an investment tax credit. It does not currently exist in the jurisdiction of Trinidad and Tobago. We have accelerated depreciated allowances. That is a different accounting concept, which gives some treatment to businesses. But if we wish for our corporations in our country to expand and to use retained earnings to acquire new plant and equipment, so expanding the capital stock for our industrial enterprises, in particular, our manufacturing sector, I would recommend that in the forthcoming budget presentation or even in the course of this year, the Minister would give consideration to a tax credit—maybe 5 per cent of the purchase price of new plant and equipment—which can be defrayed against corporate tax. So he

still charges his 30 per cent corporate income tax, but he gave a 5 per cent tax credit so that corporations that are reinvesting in expanding their operations can obtain a rebate and the disincentive effect on industrial enterprise can somehow be mitigated, but this is not used in our jurisdiction, Madam President, widely used elsewhere, certainly in the United States, and there are models to follow. So I would place that on the table for the consideration of the hon. Minister.

Madam President, let me focus on this issue of the Government Savings Bonds. I heard Sen. Mark with respect to the rise in the public debt together with many people in my field and in the country do have a cause for concern about the public debt. I know given the increase that we are seeing in the price of oil, hopefully also the price of gas, based upon the discipline exercised by OPEC and non-OPEC members, it is possible even with our reduced production of crude and other products, we should see an enhancement of our revenue base and our revenues to the Government. It is my hope that the hon. Minister still—even when the price of oil and gas rises—will continue to exercise the discipline of looking for spaces in his budget where he can continue to cut expenditure. Because if we were to increase our expenditure as revenues rise in the current year, we will not be handling our huge debt overload efficiently. We do need to keep an eye on our public debt and one way to do that is to ensure that there is that level of discipline that we have seen over the course of the year where the Minister continues to rain in expenditure while revenue is enhanced, and so we will be able over time to reduce our stock of debt to a more manageable quantum, and it does not impose macroeconomic instability in the country.

But with respect, Madam President, to Government Savings Bonds, the Minister has indicated in this Finance Bill that there will be an amendment to the Government Savings Bond Act, Chap. 71:41 and the amendment is in reference to

clause 3. In clause 3 the Minister is seeking to increase his limit under this Act for the sale of bonds from \$300 million to \$2 billion, and this \$300 million limit was established in 1982, so that it is due for a revision.

Again, Madam President, I think that the Minister really should raise the limit from \$300 million, but why \$2 billion. The same issue arose in the Remedies of Creditors Act when the Minister sought to reduce the interest rate on judgment debts from 12 per cent to 5 per cent. The question was posed, why not three? Why not four? And my recommendation then was that if we were to link the interest rate to some objective measure, then we would have a law that is elastic. I had recommended that we link judgment debts to the repo rate. My colleague, Sen. Shrikissoon, had recommended that we link it to the prime interest rate, and there was no debate as to linking it with something. It was just to what you link it with. My own argument was that the repo rate was established by the Central Bank, and we would want the Judiciary to be guided more by an independent arm of the State as opposed to the actions of the commercial banks, which would cause the prime rate to be, of course, a particular level.

When we create our law in that way, Madam President, what we are doing is that we are making the law elastic. We are saying that if we were to link the judgment debt—I would relate it to the Government Savings Bonds Act—to the repo rate or to the prime rate, whatever is Government's policy, then as the repo rate rises or as the prime rate rises, the interest rate on judgment debt would rise. As the repo rate falls, the interest rate would fall and there would be, in my business, something known as an automatic stabilizers. It means we do not have to return to the Parliament to change certain fixed figures like a \$10,000 fine or a 5 per cent interest rate.

In that vein, Madam President, in an attempt to make the law elastic and

relevant and capable of handling the realities without having the Minister having to return to the Chamber to seek permission, I would recommend for the hon. Minister that the increase in the bonds that he could issue under the Government Savings Bonds Act, there should not be a \$300 million to a \$2 billion, but rather he should consider, in my opinion, increasing the amount of bonds he can issue under the Government Savings Bonds Act as a percentage of the statutory borrowing limit. If the statutory borrowing limit is currently around \$50 billion, the Minister may say, he would like to amend the Act such that the limit of bonds that he could issue under this Act will be no more than 10 per cent of the statutory borrowing limit or 5 per cent of the statutory borrowing limit, as according to his own policy in the Ministry of Finance at this time.

3.30 p.m.

So that if the statutory borrowing limit say is \$50 billion, amending section 3 to change the \$300million to say 10 per cent, or an amount not greater than 10 per cent of the statutory borrowing limit, means that the Minister can issue bonds up to \$5 billion. He can issue \$2 billion, he can issue \$3 billion, he can issue \$4 billion without returning to the Parliament. If the statutory borrowing limit rises to \$60 billion, the Minister then in the amendment will be able to borrow up to \$6 billion and he has wider flexibility. It is left up to the Minister as to whether he would like that flexibility to issue bonds based upon that ratio. The ratio then would be more reflective of economic reality. That is for the Minister to consider.

But, Madam President, since the Minister is amending section 3 of Act 71:41, I wonder why he did not see it fit to amend section 2A as well of Act 71:41. May I, Madam President, with your leave, quote section 2 of this Act, because he is amending 71:41, section 3. According to 71:41, section 2, and I read in this Act:

“‘bonds’ means the Savings Bonds authorised to be issued under this Act,

and includes tax free housing bonds so issued;”

So under the \$2 billion the Minister is seeking approval for, a component of that will be housing bonds, or can be housing bonds. The Minister can decree that during the course of the current fiscal year he is going to issue out of the \$2 billion maybe \$500 million worth of housing bonds, and he has the housing bonds targeted for people who would like to buy these bonds to purchase property.

But when I read 2A of the said Act that the Minister is amending, it states:

“The proceeds of sale of tax free housing bonds issued under this Act shall be applied solely for the provision of mortgages to individuals for the purchase of houses where the cost of construction together with the cost of the land does not exceed two hundred and fifty thousand dollars.”

So the Minister is amending section 3 to borrow \$2 billion, but this particular section 2A, which was drafted and passed in 1988, is now highly irrelevant. I cannot see a citizen buying bonds issued by the Minister under the Government Savings Bonds Act—not that I am saying that the Minister is going to issue housing bonds in this year—but if he chooses to, as part of government policy, the bonds will be irrelevant because no one is going to buy bonds knowing that they are limited to using the proceeds of the bonds to purchase a house for \$250,000. A \$250,000 house inclusive of land does not exist. It existed in 1988; it does not exist now.

So, again, for the consideration of the hon. Minister, I know it is going to be a little problematic to go back to the other place, and we need to pass the Finance Bill, but I would recommend, to make the law relevant and instead of coming back to the Parliament, when he does decide to issue housing bonds that we simply add a zero. Since we are amending section 3, I would have amended section 2 to say “up to \$2.5 million”. That, from 1988 to now—[*Interruption*]

Hon. Imbert: I said in the other place that this measure is just dealing with pure savings bonds. I will come back and deal with bonds for educational purposes and for housing purposes. So I will amend the Act at that point. Okay?

Sen. Dr. D. Mahabir: Thank you very much for the clarification.

Hon. Imbert: Thanks for the information.

Sen. Dr. D. Mahabir: But Minister, being the economist that I am, my point is since you are amending section 3 now, I would have amended section 2 now as well.

Hon. Imbert: Thank you very much for giving way again. It is the actual value. Right now there is a provision for registered traders in houses who get tax exemptions for houses costing up to \$1.5 million. So we are just looking at the price of the house that we should allow the tax-free savings bond. That is why we have not done it yet.

Sen. Dr. D. Mahabir: Very well. Thank you, hon. Minister, and may I recommend that you raise the figure to \$2.5 million? It simply means adding a zero. You see, Madam President, if we did not have to go back to the other place I would attempted to persuade the Minister now to just add a zero. *[Laughter]*
[Interruption] I am not getting into that. But really, 71:41, I think for the consideration of the hon. Minister, to make the law more elastic.

The Minister, I know, is amenable to the recommendations coming from this side, and may I, Madam President, commend the Minister for actually listening to contributions on the Independent Bench. In a recent public hearing—the report is not yet out, but I can comment on what has appeared on live television—the two Permanent Secretaries in the Ministry of social services indicated that they are working assiduously to ensure that old-age pensioners' life certificates will be a thing of the past. It was no doubt due to the intervention of the hon. Minister, and

they even gave us a cut-off date, that by January 01, 2018, old-age pensioners will not be harassed. So I want to thank the Minister for listening.

So we come up with these recommendations—section 3, to make it elastic, to link it to the statutory borrowing limits; and section 2, to raise the limit on housing bonds so that it would be relevant to people wanting to purchase a decent middle-class home for up to \$2.5 million. I know the Minister is going to amend 2A accordingly, and he gives us the assurance. I understand the Minister had given us an assurance that he would come back and undertake the necessary amendments.

Let me focus on this vexing issue of the online purchase tax. I really do not have a problem with the 7 per cent. The problem I have is this, who really should collect the tax for efficiency purposes? Because from the figures given to this honourable House by the Minister, he expects to collect maybe \$3 million a month, maximum \$40 million for the year. In the scheme of things it is not a grandiose tax, and could we not burden our Customs and Excise with this small tax? Looking at the logistics and the mechanics, since the online purchase tax is going to be paid for in an electronic form, this electronic form has to be administered largely by a financial institution. The payment will go through a bank. I would imagine 90 per cent through a credit card; there may be some debit card purchases.

But, Madam President, hon. Minister, since the bank itself has all the information and since we pay for our online purchases to the bank, could the bank not be charged with the responsibility of adding a 7 per cent to this online purchase so that the bank collects what is due to it and it remits the 7 per cent to the Minister on a monthly real-time basis? And if the banks say that it is going to be too complex, I will recommend a number of software companies to the hon. Minister that he could recommend to the banks, whose business it is to ensure that banks

and mortgage companies and insurance companies actually make timely financial payments. There are a couple of corporations. And, we collect the tax as soon as an individual pays his online bill. The bank collects it and simply on a monthly basis surrenders it to the Board of Inland Revenue. [*Interruption*]

Madam President, can I get a little quiet? I am making some valuable points, you know. [*Laughter*] I know it is in the season of good cheer. I myself am bringing out the good cheer. But really, really.

Sen. Roach is saying the banks may charge a tax for paying that tax to the Minister. But really there are software companies around which will write the relevant software. I am coming to another area in the public interest, because I think the banks for all the money they make are not doing enough for the people and for the hon. Minister. So that I am sure the Minister would love to get his \$3 million or whatever on a timely basis, on a monthly basis. The banks collect it, the computer simply transfers it from the bank to the BIR, and we bypass the shipping companies and Customs—and we leave Customs and we leave the Board of Inland Revenue and we leave the other tax agents to actually increase collections.

We are increasing taxes on individuals earning \$80,000 a month and above, but really there is that huge space that the Minister needs to exploit, and that is the efficiency of collections. My view is, if we could unburden our collection arms and increase efficiency in collections, then we could simply increase the efficiency of our tax apparatus. We may not even need to add an extra 5 per cent on individuals earning \$80,000 a month and above. On that issue of the banks collecting the online tax, again, they have a record of all the payments because it is electronic. An individual does not have that and a corporation does not have that. We need to go through the banks and, therefore, they have the information, they can collect.

An issue has arisen in the public domain, and I think we can address it also using the banks. We are seeing now this furore about banks fees. The fact that you have to have in certain banks \$50,000 in a chequing account to avoid a \$25 a month fee. They are collecting fees; you are paying for the privilege of being a bank customer.

Madam President, we have a problem with respect to our small gas stations. Let me at the outset say that I have absolutely no friends in the gas station business. I know no one, so I have no interest. However, I see the problem. The small gas stations—and there is a definition from NP—I think it is a station selling something like 5,000 litres or less in a period of time, I do not know if it is a week. So that there is the definition of a small station. The small stations operate on very thin margins because for every \$100 in gas I buy from them, I think only about \$4 of that may belong to them, and the \$95 or the \$96 will be remitted to the NP for the cost of the fuel itself. The thin margins under which they operate mean that they cannot turn a profit, given rent, electricity, labour and miscellaneous costs.

It is on that premise that the stations indicated that they were not going to receive payment via debit and credit cards. The reason is the fees on the credit card and the fees on the debit card are 3 per cent on a credit card, and I understand something like 75 cents every time you use a debit card purchase. Given the thin, narrow, small margin on selling gasoline, the stations find that maybe 50 per cent of their profit out of that margin is actually going away as a fee to the banks operating the card.

Madam President, my recommendation is this—and I want to support my colleague Sen. Mark in this regard—the Minister of Finance, as Minister of Finance, has a direct working relationship with the Governor of the Central Bank and the Governor of the Central Bank has a direct regulatory oversight role over

commercial banks. They obtain licences from our Governor. Without the licence issued by our Governor they cannot function and make the hundreds of millions of dollars of profit. In that context, I would like to use this opportunity to prevail on the Minister to do the following: small gas stations, medium gas stations and large gas stations are really convenience stations. They supply a commodity, not that I choose to buy it, but they supply a commodity that I need to buy. I do not go to a gas station because I want to shop; I go to a gas station because my car needs fuel and without the fuel I cannot move. So I consider that the supply is an essential service.

In the rural areas, in the small areas, in other areas the smaller stations do supply this essential service. I think it is in the public interest that they should earn a decent margin. First recommendation, I would like the hon. Minister to give consideration that they will get a higher margin. Is it there, Minister? No? *[Laughter]* The Minister is indicating that perhaps he is on the line, and now he is saying he is not on the line.

Hon. Imbert: What part of the Bill are you talking about?

Sen. Dr. D. Mahabir: Madam President, in a Finance Bill you in your generosity grant maximum leeway, in the public interest, because I cannot vote on it, but I can recommend. It is finance you see, and the financial implications are as follows. If the Minister can consider giving the smaller stations a higher margin to allow them to defend the public interest and be open 24/7 during the week, that will be fine, but alternatively because he has jurisdiction indirectly over the commercial banks, I would recommend that the Minister together with the Governor of the Central Bank look into having the banks deemed small gas stations, separate and distinct, worthy of special treatment, so that the LINX fee that we pay and the credit card fee that we pay can for station owners be less. In that way we would find that the

public will be able to get their fuel, the stations will be able to earn their profit and the Minister will defend the public interest, using his powers as a Minister of Finance.

Madam President, in case we think that this is not done, case in point: Walmart has currently a huge battle with Visa, Google, and they have decided that they would not use Visa in their stores because the margins on Walmart are so low, similar to what we have in the gas stations. So if Visa refuses to reduce its fee on Walmart, Walmart says we are not using your card in our store. It has happened in the province of Manitoba in Canada and it can be rolled out in Walmart internationally. There is no good reason why the banks in this country cannot lower LINX fees for gas purchases and also their portion of the credit card fee for gas purchases from small station owners.

I know they cannot negotiate with Visa international, that is a monolithic firm, but they can certainly cut their own fee. And in the public interest, in exchange for having the right and in exchange for having a licence to operate in Trinidad and Tobago, I think they can give the motoring public some concession so that the small stations will be able to accept the cards with convenience to all.

Madam President, let me focus, again in the public interest—and the Minister will point again and say, “Where in the Act?” Right. Minister you mentioned—Minister, I know you take me on, and I know you are recording it all and I know you are going to do something for the small stations and for the people because it is—

Hon. Imbert: “How you know?”

Sen. Dr. D. Mahabir: I know you will do that, because the people are listening and they would like it to get done. If I were in politics I would certainly. Kind of giving it thought, you know. *[Laughter]* Madam President, I think I will save my

deposit too. I cannot say I will win.

There is reference in this Bill to the miscellaneous tax, 77:01. The Minister has powers to collect a range of taxes under the Miscellaneous Taxes Act. It is under this Act that the online purchase tax falls. But I want to raise for the attention of the Minister the possibility that he has not looked at a particular tax that could raise him revenue and that if he levies under the miscellaneous tax, if he levies this Act he is going to collect revenue and make 1.3 million people happy. Is it possible to levy a tax that would make 1.3 million very happy—I mean ecstatically happy, not just pleasantly happy—and raise revenue at the same time? But 10,000 people may be upset about it.

I raise this issue that is arising at this season, and that is fireworks sales in Trinidad and Tobago. It is subject to a VAT 12½ per cent. It is subject to VAT, but I would recommend to the Minister that there be a special nuisance hazard fireworks tax of an extra 25 per cent on fireworks sales in Trinidad and Tobago. *[Desk thumping]* Let me look at this that could fall under the miscellaneous tax. You buy fireworks for \$1,000, inclusive of VAT, you must pay \$250 in a licence fee extra so that you will have the authority to send off these things in the air. Who will benefit? The Minister will benefit. He will collect an extra 25 per cent on every firework cracker that is exploded in this country on Old Year's Night. He could issue a licence and the licence could be that you send up your first cracker at 11.30 p.m. Old Year's Night and the last one could be sent up at 12.30 p.m. Old Year's Night. So for one hour "is mayhem and madness", but one hour only. *[Desk thumping]* Who will benefit? The Minister, he will benefit the country. The babies in this country, under a year, will be very happy.

Hon. Senators: The dogs.

Sen. Dr. D. Mahabir: We are coming to the dogs. Let us talk about people. In a

Finance Bill we have latitude, Madam President, wide latitude, as long as it can defend the public interest. This is a matter that has fallen through the cracks, and I am going to agitate for all the senior citizens in Trinidad and Tobago. I do not know when was the last time someone heard a firecracker. I heard one two nights ago, and it was as if this country was under attack. Someone was simply firing off this thing without regard to my consideration. I know you are having fun, I want you to have, but I need my peace too. Babies in this country, the senior citizens who would like people to have their fun, but who would want a good night's rest; those heart sufferers. I understand there are those who have heart conditions and the noise can be a bit problematic.

Now, let me agitate for all the pet owners, all the dog owners in Trinidad and Tobago. Only those of us who own dogs know the madness which goes on, on a night like Old Year's Night. It is in fact injurious to them, anxious for us, and it is going to positively affect me. But what has happened in this. On the news the night after Divali night, there was a fellow citizen.

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

Sen. Dr. D. Mahabir: Thank you very much, Madam President. On Divali night it was on the news. A fellow citizen went to see the light-up in the village of Las Lomas—I am very familiar with the village, coming from Cunupia myself—and someone threw a cracker in her vicinity and she injured her limbs. I cannot recall the lady's name at this time. We saw her injured limbs, and I am wondering who is compensating her? That was a cost to the State for medical care. Who is compensating her for the loss of use of her limbs? This matter is now unregulated. No longer is it a nuisance.

When you ask the police they say is fire, when you ask the fire, they say is EMA. It has fallen through the cracks. The Minister of Finance can levy a tax. If

we were to levy a fireworks tax in this country, together with regulations on its use, we will be able to increase our revenue base, at the same time we are going to ensure that there is peace, order, good governance and harmony, not only to the citizens, but to the pet citizens of Trinidad and Tobago.

Madam President, the Finance Bill has in it a number of measures which will certainly benefit the welfare of the people, but really we need to look carefully now at measures such as the gas station concession that I am looking at. It will not cost any money, except to the banks. This fireworks tax which will create some peace for us will not cost the Government much money, but certainly it will enable we the people to use the Parliament to do what we can to ensure that the public interest is protected.

Madam President, I thank for the courtesy of your attention.

Sen. Dr. Lester Henry: They all perk up as soon as I rise. Thank you, Madam President, for allowing me to contribute to the Government's side on this debate. Also to respond to some of the issues that were raised by the two speakers before me, and also to commend the Minister once again for coming with something that takes some courage and some deep thought to come up with, and some measures that really reflect the situation that the country is facing in terms of the revenue shortfall and the need to do something about it. Not just do anything, but something measured and something that is done with a certain degree of equity. I will elaborate on that point a bit later on.

During my potentially brief contribution—because I will take a cue from the Minister himself and will not necessarily be long—there are some critical points I do want to make. In terms of the general debate on the issue of taxation and what the Minister has proposed, in comparison to what exists internationally, because we do not live in a vacuum, and we must take into consideration what are the

trends and what has been going on in the world economy. As we have seen, we live and die by the price of oil and natural gas and we also live in a global economic environment, where there are significant factors—no pun intended—that lead to us not being able to ignore global trends.

Generally of course I am in support of the measures. The first issue of the national savings bonds I think is rather straightforward, and really does not deserve much discussion. I think it is a welcome initiative. I think most of us here would agree there is nothing harmful in the issuance and the increase in the amount of national savings bonds that the Minister is requesting. This is important as a new, perhaps—well as an expanded opportunity, it may not necessarily be new—as an expanded opportunity for citizens to invest in.

As we all know—most of us here of course we know—that there is a very limited range of investment opportunities in this country, especially for small- and medium-sized income earners. There is very little at stake. In fact, even some of the big companies have struggled to find investment for their income. And particularly the small people who have their deposits, as we have often heard the criticisms coming from the Independent and the Opposition Benches, and in many cases it is something we all know, that at the bank you get very little interest on your deposits, while you get nailed on loans. It is something that I personally have been commenting on for many, many years, long before I got involved in any form of politics. The interest rates spreads at the banks have been something that have been noted since the 1990s, even the IMF has written reports in which they raised concerns about the wide spread in Trinidad and Tobago in particular, going back to 1997/1998. So this is not a new issue, and we definitely need to do something to address that.

4.00 p.m.

I have heard the explanations from the commercial banks over the years, because they have responded at various times as to why this is so, but still given what we know to be the reality of the situation, we must take a close look at it again. And in order to give the small person, I do not want to say man or women, an avenue to earn a reasonable rate of return. Right?

So if that is the case and that is the intention of the municipal bonds and so on, then there is nothing really to complain about on that issue. Of course, that is a way of the Government raising revenue in borrowing from the public, and once we know that the average person can get a better rate of return than what they get in their savings accounts or their checking accounts, well of course, checking accounts, savings accounts now are merged into things called multiplier accounts and so on. Whereas in the past they used to be separate and you earned a slightly higher rate on your savings or little or no interest on your checking account. In fact, in many countries interest on checking accounts was strictly forbidden in times in the past.

So there is no real issue there even though Sen. Mark tried his best to make a meal of it, even he and all could not get any real purchase on that note, you know, and some of his typical alarmist rhetoric remind me of the whole fake news debate that is going on in the US right now, you know— [*Laughter*] yes— in which people just say things without any proof or any real evidence and it just get perpetuated through the system and only to find out later down the road that it has really no basis in reality and so on, and then there is—by that time the damage has already been done. So the fake news take on a life of its own. So, I recommend that a careful scrutiny of the fake news debate for Sen. Mark.

Now, the important issue today that we need to discuss [*Crosstalk*] is the

issue of the taxation which, I think, is a very critical issue for the country to take note of because taxation and is perhaps one of reasons for being of a national government, because it is through taxation and the raising of revenue that the Government is able to finance its operations and provide goods and services for the people.

Now, I am saying this and many of you might say, “Yes, yes. We all know that is true, that is a very simplistic thing you are saying.” You are not saying anything deep when you make that comment. But really, around the world especially in the last 30 to 40 years, we seem to have forgotten this and in many big industrialized countries and in western think tanks around the world there seem to be this notion: well the government should work itself out of existence by decreasing all forms of taxation and, you know, getting out of trying to do any kind of social planning or social construction and paying very little attention to issues such as equity in the system.

Because what you have had over the years, especially in the last 30 years or so, is a tendency to go towards more regressive forms of taxation. Meaning that, when you have a regressive tax, it is a single tax, it is a poll tax like VAT or a flat tax rate that applies to everyone across the board. Any flat tax is inherently regressive because the person with the small income pays 25 per cent, the person with the high income pays the same 25 per cent. Clearly, the person with the high income would be much better off at the end of the day. This is what regressive taxes do.

So what the Minister is introducing with this measure is a kind of progressive dimension to our tax system once again. I say, once again, because this in the earlier part of the 20th Century and towards the middle this was taken as a norm, that taxation should be based on the doctrine of progressivity, pay as you

go, meaning that the higher income you make, the more you pay.

Unfortunately, with the advent of neoliberal thinking back in the 1980s coinciding with the rise of Margaret Thatcher in England and Ronald Reagan in the United States, there began a shift away from this principle, that a government and a society should be concerned about equity and fairness—right?—to this notion that, well no, no, you should tax the rich less and put the heavier tax burdens on the poor and the working-class people. And this has been the net effect of what is happening.

So regressive taxes generally go hand in hand with income inequality and this is what we have seen over the last 25 to 30 years especially; the rise in income inequality across the globe has been staggering. And I have been teaching this in my economic classes at UWI for a long time and so I know it quite well. It has been staggering, including in the United States and in Britain. And even big capitalist like financial wizards like Warren Buffett, I saw him on Bloomberg a year ago expressing serious concern about income inequality in the US. He was sounding like an old fashioned Marxist saying that the Americans should do something to address this issue of the widening gap between the “haves” and the “have nots”. I was astounded to hear Warren Buffett sounding like this, you know.

Hon. Senator: Sounded worthy.

Sen. Dr. L. Henry: Yeah. So, I mean, it was there. You could go back and check it yourself. So these people are aware of what is happening in the world in terms of the widening gap between the “haves” and the “have nots”. And all of this coincided with the period of neo-liberal thinking, economic policy and programmes that were pushed, to some extent, into the domestic economies in the US, but really, largely in the developed and developing countries. And we were victims, I would say “victims” of this same kind of neoliberal thinking when we

joined in the trend that was taking place by eliminating the progressive nature of our tax system where you had the shift towards regressive or flat taxes where everybody paid the same percentage and somehow this was projected and pushed as something good for economic development and economic growth. And we have seen the consequences of it over the years.

Now, flat taxes, as I said, came from the old idea of a poll tax. A poll tax sometimes in the old days used to be referred to as a head tax, meaning that once you have a poll you had to pay the tax, and once you had a head, you had to pay the tax as well. So there was no such thing as tax evasion because the consequences could have been losing your head, literally, because governments were serious about getting their revenue. This flat tax and poll tax system that developed was seen as something that the masses would rebel against in the earlier times. But it has all been switched around now in the last 25 to 30 years to a system where this is actually passed off as something great to have to get, instead of saying, this is something that we should be rallying against.

So it is in this context that I raise the issue of the taxation, of the measure being introduced by the Minister and the element of progressivity that I liked in particular, because I think it is just a matter of time before we go back to the old progressive system and reinstate some kind of equity in this country and the rest of the world. It is going to happen sooner or later because you get things like the rise of people like Donald Trump and many others who are on the scene beckoning to take over in Europe and elsewhere who will be coming with much more radical ideas and part of it comes from this whole issue of income inequality and the perception that the system is not fair to the average and ordinary people. Right?

So in terms of the taxation, let me just give a little international perspective on what we are doing here, as opposed to just simply looking at the domestic

situation. Right? If you look at the corporate taxation around the world, let us look at that first and then we will go to the individual.

The United States has the third highest general top marginal tax corporate tax rate in the world at 39 per cent. So, even at 30 per cent, as Sen. Mahabir pointed out, we would still be almost 10 percentage points below the US. Right? Which is the same as Puerto Rico, exceeded only by Chad the United Emirates. I am reading from taxfoundation.org. You could check it yourself.

The worldwide average top corporate tax rate according to—accounted for 173 countries and tax jurisdiction is—oh sorry—the worldwide average is 22 per cent, and when weighted by GDP 29 or almost 30 per cent. So, we are just about there if we go with a 30 per cent corporate tax.

And by the way, while I am saying that, when this tax was reduced, I believe, back under a previous PNM administration to 25 per cent, I think at the time there was a feeling that we might be in for an extended period of growth and positive oil prices and so on, and the circumstances have certainly changed from then.

So what was done back then, I would not have agreed with it, but it was something that was done in a particular context, and today we live in a very different environment with our crumbling revenue and very low oil prices. Again, Europe has the lowest average corporate tax at 18.7 per cent, but weighted by GDP comes in about 26 per cent. Africa has the highest simple average of 28 per cent. So again, closely related around the 30 per cent mark.

And note this point I was making about the rise of the neo-liberal ideology and small countries being victims of this. Larger more industrialized countries tend to have higher corporate tax rates than developing countries. I wonder why? Right? The worldwide average corporate tax rate has declined since 2003 from 30

per cent to 22.9 per cent and every region has seen the decline in the average corporate tax rate over the past 12 years. Again, while the average corporate tax rates have been going down, income inequality has been increasing. And whereas, of course, it is simply a correlation, I am putting it to you that there is a direct link between the two. So we must take some measures to address these issues and I am saying, I do not mind starting here in Trinidad and Tobago and let the rest of the world follow.

Now, if you look at some specific highest corporate tax rates, the top countries come in—places like I mentioned: the United States; Puerto Rico at 39 per cent; Suriname, 34; France it is about 35 per cent and many countries, rich and poor, have higher tax rates than we do. And generally the industrialized countries have significant levels of corporate taxes and these are the countries that are known for their infrastructure and so on, that is why we call them developed countries in the first place, because they have the infrastructure that we admire. Right?

And if you go to lowest tax rate for corporate taxes, you get countries such as Andorra, Bosnia, Bulgaria, Gibraltar, Uzbekistan, Turkmenistan. Would we want to go towards those countries or towards the previous countries that I called, the developed countries? Right?

So all of these countries are countries that you would necessarily want to be in the same bracket with. Countries in terms of corporate taxes: Turkmenistan; Qatar; Paraguay; places like that around 10 per cent, the highest marginal tax rates on corporations.

Now, the situation is even more dire when we look at internationally what are the taxes on individuals, personal income tax. It is a lesson we all need to pay attention to. Because if you look at countries by personal tax rates, right?—not corporation now, personal income taxes. Right? Again, the United States comes in

pretty high at about 40 per cent marginal tax rate, and it could go—well, that is it for the United States.

The average tax rate in the Euro area, 42 per cent, and it could go as high at 49 per cent and taxed on a yearly basis. Japan in particular, Japan, 55.95 per cent. Listen very carefully because these are the countries that have the developed infrastructure and these are the countries in which a lot of Trinidadians who complain about life here and taxes in Trinidad and Tobago will migrate to these same countries without missing a beat, without even thinking twice.

Germany, 47.5 per cent, highest tax bracket for personal income. Right? Note, of course, we are at 25 per cent and inching to 30 per cent for people above a million. United Kingdom, 45 per cent. France, 50 and could go as high as 59 per cent depending on where your money comes from. Right? Italy, 48. Canada, well Canada is close to us, 33 per cent. Australia, a country known for its social programmes and its well-developed infrastructure. Australia came in at about 47 per cent and they placed on this list here, well on this page that I printed out, the income tax rates of Russia is basically, across the board, at 13 per cent income tax. Right?

So what I am saying here is that in these countries that many of us aspire to and admire, income rates are much, much higher than what we pay in Trinidad and Tobago, and yet we see no problem in complaining about an imposition of 5 per cent surcharge on incomes over \$1million and we act as though that somehow the sky is going to fall down.

And, of course, in the same breath that Sen. Mark accuses us of catering to businesses, when we put a tax on big businesses, he has nothing to say or even finds a way to criticize the Government for doing exactly what he has suggested, to ease and to shift, share the burden of the adjustment that we are all going through

at this particular time.

So, you complain about taxes that might affect small people. Okay. So we put a tax on what is referred to as the millionaire tax, something you should applaud and give the Government credit for and, in fact, shake the Minister of Finance's hand and compliment him for having the foresight and strength to come with a Bill, a measure that will be unpopular among the wealthy. Right? But I understand the Opposition's approach, because in five years what they did, in five years and three months, 90 days, what they did was never considered any serious revenue generation measures as I have said ad nauseam over and over again from when I was on that side, and I have to say standing on this side as well.

So any kind of tough policy decisions were completely avoided under the reign of the People's Partnership and concentrated primarily on revenue, as though, you know—sorry—on expenditure. Sorry. My mistake. Where it was like taken for granted that the revenue would always be there without paying any attention to the fact that the Government needed to generate revenue in case of the rainy day. And that rainy day that we had warned about while we were in Opposition was the day when oil price and gas prices would collapse. And that rainy day started towards the end of 2014.

Hon. Senator: Ten.

Sen. Dr. L. Henry: No. No. About 2014 when the price of oil started to head south, to go down, and they remained in office until September and they continued spending as though the price of oil was going up. They were defying all logic which was very typical of them and they never sought to bring measures to this Parliament such as the Minister is bringing today to really add revenue to the Government's coffers so that the country could go about having the wherewithal to finance the programmes.

And in the same breath they would come and say, when you are fixing this road? When are you repairing this school? Where is the money for Carnival, you know? And pay all the contractors. Right? And all these things, and yet when the Minister comes to raise revenue now, you act as though the sky is falling. It does not come from thin air. It has to come from somewhere, and if we do not borrow it, we have to generate it through taxes and eventually overall expansion of the economy will lead to an increase in revenue, as we all know.

So with these few words, I wish to lend my support, full support to the measures obtained here today in the Bill here today and to congratulate the Minister, once again, for having the wherewithal to come with [*Desk thumping*] a realistic package and not a fake news package, not a fake news package that only obtained as the former Government did in a feel-good session and avoiding the economic reality that the country is facing. Madam President, I thank you. [*Desk thumping*]

Sen. Gerald Hadeed: [*Desk thumping*] Madam President, I am happy to be back here, although for a short time, as a substitute. My contribution today has to deal with the Finance (No. 3) Bill, 2016 which was approved in the other place. This is a money Bill and is intended to give effect to the fiscal measures in the budget. These measures are designed to encourage savings and provide funding for the operation of the Government's fiscal package for 2017.

Some of these measures reflect the consequences of the fall in the price of oil and gas on Government's revenues, but in all the Minister had to say was nothing that added confidence that he had a workable plan to turn around the current economic situation and circumstances that we face as a nation.

Madam President, let me begin by putting this debate in a proper context. The fall in oil prices coupled with this Government's lack of clear vision's strategy

has resulted in a severe contraction in the economy and an increase in the level of debt and an acceleration of job losses, the worsening of Government's fiscal position and a deterioration of the country's foreign reserves.

My own expectation is that the contraction that occurred over the first half of this year has worsened and I am predicting a massive contraction by the time the third quarter figures are released. I also predict that the Minister will withhold the bad news until Carnival Friday when everybody is not paying attention to the situation. And they have sought to camouflage their incompetence by raising red herrings of our time in office.

And in response to Sen. Lester Henry's contribution I will add that the current Government has continually sought to place the responsibility for the inability to deal with the problems of the economy on the former Government, and I would like to spend a short time of my contribution on this.

They have placed little value on the fact that when they assumed office, the HFS had US \$5.8 billion and foreign exchange reserves were over US \$10 billion, and the debt to GDP was 46 per cent. Very manageable, to paraphrase the Minister of Finance in the December 2015 budget in the Lower House. The problem that the Government faces is that it did not move immediately to increase cash flows or where it did, it was ineffectual. For example, they did nothing meaningful to reduce expenditure, and in addition, the reduction in VAT and the widening of the tax net was supposed to produce another \$6 billion in revenue. For 2016, the Minister has projected VAT revenues of over \$12 billion. In fact, collections of VAT could be less this year than when we were in Government.

From the memorandum, the Government of the Republic of Trinidad and Tobago published 3.8 fixed rate bonds for auction on December 15, 2016. And looking through this information what I have noticed is that: crude oil production

declined by 10.7 per cent year over year; natural gas production also declined by 10.9 per cent; LNG production fell by 12.2 per cent; petrochemical production declined by 4.7 per cent.

Presently, there are three plants at Point Lisas that have been shut because the Government of Trinidad and Tobago via the National Gas Company and its chairman cannot come to terms with the owners of the facility. At the same time—
[*Interruption*]

Madam President: Sen. Hadeed, Members, at this stage we will break for tea. Sen. Hadeed, you have used up six minutes, and we will come back at 5.00 p.m. So, we are suspended until 5.00 p.m.

4.30 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

Sen. G. Hadeed: [*Desk thumping*] Madam President, I will continue. The problem is exacerbated by the fact that because of their mismanagement the economy has contracted by over 5 per cent in the first half of this year. This means that the tax revenue has fallen, and it also means that the debt to GDP ratio has worsened. It is now over 60 per cent and likely to continue to worsen, primarily as a result of the contraction in the economy. As of December 2015, the Minister was boasting that the debt to GDP ratio was 43 per cent. Look at where it is today? The Minister has swallowed IMF austerity policies lock, stock and barrel, without realizing that no country has ever shrunk their way to prosperity.

Madam President, the non-energy sector was also negatively affected by the lack of performance of this administration, with local cement sales contracting by 23.5 per cent, and construction materials by 21.9 per cent to name a few. Unemployment has risen to 4.4 per cent. What is the reason that we cannot look at a positive way to develop our economy? By instead of taxing the business

community by a further 5 per cent—and the business community is the power of the growth of this economy—the Government can no longer sustain and keep the economy moving, because their cash flows are dead. The cash flows are what carries a country. When you have no cash, you are a pauper. You may have assets, but if you have no cash and you have no cash flow you must find ways and means that the private sector would carry the public sector employees.

So, the Government ought to have instead of tax them, they should have given incentives to the private sector that if they take on the public sector workers and expand their production base that the Government would give an incentive of tax rebates for those employees that they take over from the public sector. It is only a suggestion, but relatively an important ingredient in bringing public sector workers out of the public sector into the private sector.

There is no question that Trinidad and Tobago's economy has encountered the perfect storm, led by soft energy prices and hydrocarbon production curtailment. But what is also indisputable is that the Government has failed to address those challenges in an appropriate and timely fashion. With falling government revenues, the Minister has embarked on a borrowing campaign, boasting about a successful road show to raise the country's debt levels. I am not aware that countries pride themselves on the fact that they have borrowed money and depleted their national savings. It is the first time in my life I have heard a minister of finance going publicly and commending the Government for going to borrow money. I mean, that is unheard of. That is something you keep quiet. You will be shame to say you are going to borrow, but, like they are happy. They are totally happy about boasting that they gone to the international community to borrow funds. Borrow funds but keep quiet.

The Minister is evidently bankrupt of ideas and he must appreciate that his

first mission should be to create an enabling environment for business to lead the economic recovery of this nation. On the contrary the Minister has made some grave mistakes. First, the Minister has proposed to increase the rate of tax from 25 to 30 per cent on income profits of over \$1 million for individuals and companies. This increase has come along with the implementation of the property tax and online shopping tax. Fully cognizant that the Government does not have the ability and capacity to create employment and drive economic growth, the Minister in his wisdom or lack therefore has decided to penalize the private sector for doing just that. That is tremendously unfortunate.

I have listened to Sen. Lester Henry where he said a number of countries had higher tax rates than Trinidad and Tobago. Yes, but with that comes a higher standard of living. The amenities for proper education for their children, the amenities where the people of their nation can feel safe and secure, where buses and trains run on time, where there are no blackouts. Every day we seem to be having that. When you pay taxes, the citizens expect to be given the way forward where they have a better standard and a better quality of life. In this case that is not so.

We are going to be faced sooner or later with the inauguration of this new president of the United States. We in Trinidad and Tobago, because we have not diversified our economy, that on the basis of not diversifying our economy, the new president of the United States has already signalled that shale gas, shale oil and coal will not be off of his list. Already the United States has started to export LNG products. They have started to export oil. How would this affect us? They have now become the biggest nation with oil and gas reserves and coal reserves. These things will impact us here eventually. It is going to impact us, and we must prepare for it.

What is not new, the PNM by its very nature has never been interested in instilling confidence for the business community. It was the great Sir Winston Churchill who stated:

“I contend that 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.”

The Minister should reflect on this statement.

Secondly, the Minister of Finance, and not the Minister of Energy and Energy Industries, either the current or the former, has provoked the energy companies by threatening to remove the tax incentives implemented by the last administration. Such incentives have been successful in ensuring that the natural gas production in 2017 will increase by way of the commissioning of the Juniper and Sercan fields in an effort to address the natural gas curtailment issued in the LNG and petrochemical sector. This reckless position by the current Minister may very well cost this country the timely development of the Angelin field, and further exacerbate the natural gas curtailment issue.

The Minister must make a public statement of his intentions in this matter very soon, as he has already succeeded in destabilizing an already challenging energy sector. I was speaking about three plants that were closed down—that are closed down presently in Point Lisas—and the balance of plants operating between a 60 and a 70 per cent efficiency ratio for lack of gas. Sometime ago statements were made in *Hansard*, December 02, 2016, by Minister Young and also by Attorney General Al-Rawi, hon. Minister, on maintenance and natural gas supplies. In *Hansard*, December 2nd, and I quote hon. Minister Stuart Young:

“During the period of June 2010 to September 2015, the true position with respect to the availability and supply of natural gas to the hydrocarbon downstream industry in Trinidad was not provided. Since 2010 there were

serious gas curtailment issues that affected the downstream gas industry, and these curtailments were not as the result of maintenance, either scheduled or unscheduled.”

On December 09, 2016, *Hansard*, the hon. Attorney General Faris Al-Rawi:

“The last Minister of Energy, Kevin Ramnarine, lied to this country under the Member for Siparia, consistently for years saying that there was an energy issue caused by gas shortfall because of maintenance”—quote—“Lie it was, I say. There was no shortfall. There was an undersupply and the entire industry knew it, putting Point Lisas at risk and, all of a sudden, instead of the population having the Opposition say: Well done. You did what we could never do, because we were misguided in focusing on Loran-Manatee, as opposed to Dragon, which is so much closer and more feasible, they instead come to ask whether the agreement is valid or not.”

I would like to quote from the Central Bank Monetary Policy Report on maintenance and gas supply issues. Central Bank of Trinidad and Tobago Monetary Policy Report April 2011:

“The energy sector experienced contractions in several areas, particularly as several companies simultaneously conducted maintenance exercises and infrastructural work.”

Where is the lie? Central Bank of Trinidad and Tobago Monetary Policy Report, November 2011:

“The first nine months of 2011 saw a 3.8 per cent decline in gas production when compared with the same period in 2010.”—It—“came from BHP Billiton’s Angostura field, which began gas production in May 2011, but total output declined, nonetheless, as production from BPTT fell by 9 per cent. This resulted from prolonged maintenance activity and safety upgrades

at BPTT during the year, in an effort to meet enhanced safety standards.”

Central Bank of Trinidad and Tobago Monetary Policy Report 2012:

“Output of natural gas slipped in the fourth quarter of 2011 by 7.6 per cent on a year-on-year basis...with an even more pronounced decline evident in the rate of gas utilization. Natural gas production during the first quarter of 2012 has remained at the depressed levels seen throughout 2011. Sustained maintenance activity in the upstream sector continued to dampen production rates.”

I can go on to quote Central Bank Monetary Policies, October 2012, April 2013, November 2013, all the way along, including the latest that came from the Government of Trinidad and Tobago information memorandum of maintenance problems throughout the period I spoke about. So, I just wanted to correct the misinformation that was put out before. [*Desk thumping*]

The foreign exchange situation is currently at crisis levels. The PNM administration chased the last Governor of the Central Bank out of office and blamed him for the foreign exchange shortages in the market. After 15 months in office the Minister has not been able to remedy the situation, and by all indications—

[*Hon. C. Imbert enters Chamber*]

Welcome Sir—has no plans so to do. The PNM administration took every opportunity to attempt to mislead the population into thinking that they alone have the solution to fix this country’s problems. And while the man on the street may not appreciate the implications associated with attracting investments in the energy sector, he pretty well knows his life is worse off now under the PNM than when the People’s Partnership Government was in power. [*Desk thumping*]

I quote again to dealing with foreign exchange, Madam President. Tuesday,

April 29, 2014, “TTMA dissatisfied over foreign exchange shortage”.

Madam President: Sen. Hadeed, what are you quoting from? Is it a newspaper report?

Sen. G. Hadeed: I am quoting from the *Newsday*.

Madam President: Could you give me—

Sen. G. Hadeed: Tuesday, April 29, 2014. “Where are the US dollars going?”, Natalie Briggs, published Sunday, November 02, 2014. The source is the *Guardian*. I would not quote everything, but over and over and over, the same problem that existed when the former Governor was there in office exists today. Let us try and at least attempt to ensure those who require foreign exchange can get foreign exchange. There are people who cannot get foreign exchange and their families are at school all over the world at university. There are people who need money to go to hospitals, who cannot get money to see about their health.

We have a thriving black market going on in Trinidad. People are paying up to \$7.50 for a US dollar now. Let us fix the rate. Let us fix the rate once and for all. What is the true value of the dollar? What is the true value? It has to be in the vicinity of \$10. It has to be! If you do it, it will stop the speculation with people trying to get the money to send it out. I have been saying all along, Madam President, money does not need a visa to travel, it does not need a passport to travel. What money needs is confidence. If the Government puts the confidence back into the economy and into our society we would have an opportunity that we would be able to fix what is wrong. [*Desk thumping*]

The PNM administration has took every opportunity to attempt to mislead the population into thinking they alone had the solution to fix it. No, they do not! As the economy sinks even more into recession with GDP dropping 8 per cent in the third quarter, the Minister of Finance should stop playing fast and loose with

the affairs of the country and get down to business, starting with the following: We can divest some of our assets, they are already on the stock market. Let us progress and divest those agencies that are already there that the Government can gather some cash flow. Do not borrow if you can get money from your assets. Do not borrow!

The price of oil and gas has gone up a little, our production has fallen substantively. And what that has caused is less foreign exchange, so therefore less GDP growth. With less GDP growth they are predicting that they will get \$38 billion in revenues. I predict it is going to be under \$30 billion. Your gap is going to be plenty more. Therefore, your debt to GDP will be in the vicinity of 70 to 80 per cent by the end of this fiscal year, with this Government. It is going to cripple the country's ability to raise money, and if we do, the bonds that the Minister has promised the people, savings bonds, what sort of bonds would those be? I predict Standard & Poor's will rate us as having junk bonds. Why is it we do not fix the problem before we reach there? We are heading for junk bonds status. That is madness! Nobody seems to care. As a citizen—

Sen. Gopee-Scoon: Very alarming.

Sen. G. Hadeed: I am not alarming anybody, Ma'am.

Hon. Senator: Really?

Sen. G. Hadeed: I am saying the truth. Look at it as it is. Face reality! We must and we have to change the system that we operate under today. The Opposition is willing to assist in any way to do this.

Sen. Gopee-Scoon: That is news.

Sen. G. Hadeed: We must fix the economy. We will do it. We will help, if asked to.

Madam President, offering shares with First Citizens Bank Limited and

TTLNG, these companies are already listed on the TT stock market, and the Government can further divest of its interest in short order. You can have the sale of Trinidad Generation Unlimited, you can have the sale of Home Mortgage Bank and Trinidad and Tobago Mortgage Finance Limited. I remember talking, in the Senate here once, about Trinidad Generation Unlimited, and the hon. Minister told me—and I have it somewhere here—that they do own Trinidad Generation Unlimited. The Government does not own it. He is borrowing money and getting money from it.

So, I do not understand, I cannot understand, how he can say publicly in this forum to me when I asked the question, that we do not own it. That we are now borrowing \$7 billion on the asset. These initiatives should all be done in fiscal year 2016/2017, Madam President, in an effort to supplement Government's revenues and allow the grandfathering of the tax initiatives for the energy sector. Articulate a clear policy for the energy sector to address the collapse in natural gas and crude oil production. Simply put, does the administration intend to keep the upstream incentive implemented by the last administration that fostered exploration and development activity that the Government of the day will benefit from in 2017 and 2018?

I close by imploring the Government to please listen to the people. Thank you, Madam President. [*Desk thumping*]

Sen. Taurel Shrikissoo: Thank you, Madam President, for allowing me to enter into this debate, and affording me the privilege to contribute to the Finance Bill (No. 3) of 2016.

I would not like to be too long today and try to be as brief as possible, so that I would like to say, from the Bill provided, Part II deals with bonds, Parts III, IV and V, they deal with income tax, corporation tax, and miscellaneous taxes.

Therefore, if I am to summarize this Bill in three words, it would be debt and taxes.

Hon. Senator: Correct. [*Desk thumping*]

Sen. T. Shrikissoon: To get directly into the Bill, Madam President, clause 3 of the Bill refers specifically to the government savings bonds governed by the Government Savings Bonds Act, 71:41; 3(a) in this piece of legislation before us seeks to amend the definition of “bonds” according to the Act to include bonds listed as government savings bonds, national tax free savings bonds, tax free housing bonds, and national savings bonds. I am assuming that the tax free housing bonds would be utilized according to the budget statement of 2017, and they would be specifically linked to the provision of housing accommodation. That leaves me with three remaining bonds: government savings bonds, national tax free savings bonds, and national savings bonds. And, my question is today, given the three areas or the three composition of bonds, for what purpose were the funds that would be derived from this bond, or these bonds, be put to? [*Desk thumping*]

And the reason why I am asking, and following with the contribution of my hon. colleague, Sen. Mahabir, we have seen in the budget statement a projected revenue of \$37 billion before one-off revenue sources, and we are seeing expenditure at \$53 billion. Therefore it leaves a financing gap. And is it that the funding that is going to be received or the revenue to be derived from the bonds, which are long-term debt instruments, will they be utilized to fund current consumption? And if that be the case, I am particularly concerned about that strategy, very much concerned, because it is difficult for me to comprehend why a long-term debt financing instrument could have the potential to be used to fund consumption.

5.30 p.m.

And I am particularly concerned about that. So is it that the funding for the bonds being issued, is it going to be used for budget support. And I would really like to have that clarified. My second issue or my second concern comes with respect to the issuing limits under 3(b), section 3(1)(a), and it seeks to increase the borrowing limits from \$300million to \$2 billion. And increasing this debt limit or this debt ceiling reminds me a lot to the increase in debt ceilings debated in this honourable Senate on December 08, 2015.

And subsequent to December 08, 2015, we have seen a Government and a strategy of increasing revenue via debt financing. What occurred? On May 16, Government issued a 12-year fixed rate, \$1.162 billion for bond to finance its 2016 fiscal deficit. On June 28 Government received a 14-year fixed rate, \$2 billion bond underwritten by Republic Bank disbursed at the end of June, a loan of up to US \$300 million from the Development Bank of Latin America.

Hon. Imbert: We did not get that.

Sen. T. Shrikissoon: On July 28th, Government issued a 10-year fixed rate, US \$1 billion bond raised on the international capital market, approximating to roughly \$12 billion.

So the question is, if these provisions are being made and the debt levels in this country is actually escalating then what is happening is that this \$2 billion bond or composition of bonds being issued is again going to increase the debt profile of Trinidad and Tobago. And if it does so, if we examine the liquidity position of government accounts you would realize that the exchequer account is in overdraft, the current account is in overdraft and we have had continuous budget deficits for the past nine years. Here it is now if we are to evaluate the performance of the economy you would recognize a decline in GDP over the last—

a restatement of the GDP figures and a contraction of the Trinidad and Tobago economy.

So here it is we are asking the public to invest in using a bond into the Government of Trinidad and Tobago and we are seeing an illiquid financial position coupled with a poor or declining economic performance. And as an investor if it was equity we would have been looking at a prospectus, but if it is a bond we are going to look at the performance of the Government, or the economy of Trinidad and Tobago I should say. Then when you look at that you will realize that the financial health of Trinidad and Tobago is not one that is encouraging for investment. And therefore, we need to address that. And if I am just to quote some of the statistics, the Central Bank recently in their Monetary Policy Report said:

That the economy contracted a record of 6.7 per cent in the first half of 2016 year-on-year compared to the same period in 2015.

And it went on to say:

That performance was the worst economic performance in the history of Trinidad and Tobago.

So why is it we have such a financial position, financial indicators, financial dashboard, not positive and we are seeking to expand the debt profile of Trinidad and Tobago again. And I want to take a point from Sen. Hadeed who did indicate that while we are increasing the debt profile, Trinidad and Tobago has been the recipient of continuous downgrades in our international debt rating. And how is it that we are having a downward trend in our ratings but we are putting out investment for people to invest, citizens of Trinidad and Tobago. I am a little bit concerned about that strategy.

So with a financial dashboard looking on at this and seeking to attract

private capital from citizens, are we exposing our citizens to a risk? Are we exposing our citizens to a risk given the financial health of Trinidad and Tobago? And we are saying that we want to promote a culture of savings in Trinidad and Tobago and that is why we are having the bonds. I ask the question, how much has any Government saved outside of the Heritage and Stabilisation Fund? How much has any Government saved outside of the legal mandate? And if the Government is not leading by example, why are we trying to stimulate an action through the citizens of Trinidad and Tobago when we ourselves are not doing it.

And it is that condition or that absence of a strategy for preparing for the future has left the Trinidad and Tobago economy fully exposed and vulnerable to what is going on now, because there is no financial buffers to support the economy, everything has been depleted with respect to the current account, the Exchequer Account and the debt profile of Trinidad and Tobago. The only account that has, we have been tapping into recently, is the HSF. So I am particularly concerned about that.

With respect to the issuing limits again, we are seeing a portfolio of bonds being issued and I am asking the question, how is the portfolio going to be comprised? How much is going to national savings? How much is going to Government bonds in the different forms? The National Savings Bonds, the Government Savings Bonds. What quantum will be assigned to each of the bonds? And these are issuing limits. We do not have information on how much will actually be issued. Once the debt ceiling is provided you have the capacity to go as high as the ceiling. But how much of it is actually going to be issued when we are issuing shares, it is authorized and issued, how much are you authorized? How much are you issuing?

We do not know, and I am asking the question, how is the portfolio going to

be comprised and how much is actually going to be issued over what time period? Because if it is that we raise the debt limit to \$2 billion and tomorrow the bonds are issued and we max out the limit then what happens after. So how much of the authorized amount will be issued? I would really like to know. And the composition of each section or each component of the portfolio of bonds, how much is going to be attributed to it?

And then we come to the next section of the Bill which comes to corporation tax and income tax. Corporation tax, we are seeing an increase in corporation tax for a level of chargeable income above \$1 million, and similarly so, with respect to income tax. Now, here it is when a Government assumes office one of the strategies or promises in the manifesto was to reduce a taxation which is VAT. And one year later or a year and 15 months later we are now seeing an increase in direct taxation which is corporation tax and personal income tax. What is the message we are sending to the citizens of Trinidad and Tobago when we can use one form of taxation and have it reduced and we are taking other forms of taxation and increasing it. Is there consistency with respect to the policy? [*Desk thumping*]

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

And we have heard in this honourable Senate that the VAT projection was actually supposed to increase and we have heard the Laffer Curve analysis being used to justify that. And we have lived to see that that was incorrect. So much so that the VAT figure for 2016, according to the revised estimate, was actually lower than the 2015 figure. But here it is we are seeing now an increase in corporation tax and individual income tax. And I want to remind this honourable Senate that in April of this year when we were debating the Motor Vehicles and Road Traffic (Amendment) Act, I did raised the issue of, and I did say in this honourable Senate that I was of the view that an increase in the luxury tax on vehicles had the

potential to be a disincentive to investment.

Sen. Khan on that day challenged me to it and asked me to reconcile my logic. And in his response he said, Sen. Shrikissoon how can you say that when in Trinidad and Tobago we have one of the lowest tax rates for corporation tax and personal income tax and here it is I am seeing in the same year that it was said a direct move to increase the same level of taxation that he attributed as a strength at that time for the Trinidad and Tobago economy. [*Desk thumping*] And I want to read into the record a study that was done and it is entitled, The Impact of Taxation on Economic Growth and it is from the Review of Economic Perspectives, Volume 14, Issue 4 of 2014. The title:

“The Impact of Taxation on Economic Growth: Case Study of OECD Countries.”

And the findings of this paper says:

“The aim of this paper is to evaluate the impact of individual types of taxes on the economic growth by”—carrying out a—“regression analysis on the OECD countries for the period of 2000–2011.”

What are the findings?

“As far as the tax burden approximated by tax quota is concerned, the negative relation between economic growth and personal income taxes, corporate taxation and social security contributions was verified. Therefore, it can be stated that these basic types of taxes lower product growth rate through their impact on capital accumulation, inflow of FDI, creation of savings or labour market.”

It goes on to state:

“A negative relation to economic growth was confirmed in the case of corporate taxation and personal income taxes approximated by World Tax

Index.”

It goes on to say:

“As far as mutual absolute comparison of taxation impact on economic growth is concerned, it is obvious that corporate taxation harms the most, and is followed by personal income taxes and social security contributions. Since economic growth is one of the fundamental economic objectives of the economic policy makers and it is the basic assumption of fulfilling other social objectives, the following can be stated resulting from our analysis:

- In their effort to stimulate economic growth, OECD countries should try to lower taxation rate in the case of corporate taxation, personal income taxes and social security contributions;
- The outage of tax revenues caused by the decrease of income taxes should be compensated by an increase of indirect taxes.”

So we are seeing here from the article, very well researched, very well analyzed and used a regression analysis to arrive at its conclusion, that an increase in corporation tax, an increase in personal income tax, an increase in social contributions can actually have a negative impact on economic growth. And our country is currently experiencing a negative impact on economic growth.

So therefore, we are taking on a measure that has a potential to further cause a decline in economic growth in Trinidad and Tobago. And the article goes on to say that you should not increase direct taxes, you should lower direct taxes. What we have done is to increase. And it goes on to say that we should increase indirect taxes. What did we do with VAT? We lowered the indirect tax. So in my mind I am confused as to what is a good economic policy, what is good economic practice and what we are doing in Trinidad and Tobago. And just to find out or to figure

out exactly what is going on I referred to the *Draft Estimates of Revenue* of 2017, Head 01, Taxes on Income and Profits. And it says here, estimates for 2017, \$15.9 billion. Revised estimates for 2016, \$16.3 billion. So it is telling me that 2016 revenue from taxes will be actually greater than 2017. But in 2017 was the year we increased the percentages. So if we are increasing the percentages and we are getting less revenue it is saying that economic activity is shrinking in our country. That is the only way you can have an increase in taxes and a reduced revenue from it.

[*Cell phone rings*]

I am hoping that somebody in here got that. [*Laughter*] So I am particularly concerned because we are seeing a decline in revenue from taxation, although we are seeing the decline while taxation rates are being increased. What is going on? Is this a comprehensive economic policy for the deliverance for Trinidad and Tobago's economy? [*Desk thumping*] I am very much concerned as to what is going on. I am thinking from those who would have done the projections, the projections given what they are, would have factored in a declining economy because the figures from the draft estimates do indicate such.

And my last point I would like to touch on would be the online tax. Everyone knows in this Senate that I am a supporter of the online tax. I have advocated it before and I have said it openly, been criticized for it but I do think that it has value to Trinidad and Tobago. However, I do have a concern with respect to the administration of the tax and I just want to refer to the Bill and it says here:

“70. (1) A tax called the online purchase tax shall be charged on the value of a good which is—

(a) purchased by means of an electronic transaction;

- (b) imported into Trinidad and Tobago by air transportation;
- (c) consigned to a consumer; and
- (d) entered from a transit shed.”

Here is my question. A Trinidad and Tobago resident goes to Walmart, shops there, pays with a credit card and ships the item to Trinidad and Tobago, probably because of its size. A courier company is used to bring it in and when it lands in Trinidad and Tobago the courier company will look at this and view this as an online transaction having been made in a foreign jurisdiction and used a courier service to bring it into Trinidad and Tobago. If the resident was actually in the US and did a physical purchase in terms of their person then it should not. It should not attract the online tax because they were in the jurisdiction of the vendor.

And so I ask the question, can we reconsider some of these policies or guidelines with respect to the administration of the tax and can we really consider, actually if we are, once we are going forward with it to consider that the transaction has to occur or commence with the person who is buying, the buyer in Trinidad and Tobago, with a vendor outside of Trinidad and Tobago. And that way that may just clarify one of the issues that I would have with respect to the administration of taxes with respect to the online tax. I really think that the administration of the online tax needs to be strengthened.

So as I close today, because I promised not to be long, in conclusion I would like for clarification, for what use would the income being derived from the bonds be put to? I would really like to know. How much of the authorized limit on the bonds will actually be issued? What would be the percentage contribution of each of the four types of bonds in the portfolio of bonds? Will the education bonds that is promised in the budget statement form part of this portfolio? And how will the bonds be collateralized to assure the citizens that there is a guaranteed return on

their investment when it matures with respect to bonds?

With respect to income and corporation tax, I have shown that there is a negative relationship between the increase in corporation tax and personal tax and economic growth. At a time like this in Trinidad and Tobago when our economy is suffering and being weakened and economic growth is on the decline I think this measure has a potential to have a more negative consequence than a positive one. At times like this I would say incentivize private sector to invest rather than extract more from private sector and take away from growth opportunity and potential. [*Desk thumping*] And with respect to the online tax I am saying I do believe that the administration of the online tax needs to be strengthened.

As I conclude, Mr. Vice-President, I would like to say collectively with respect to the policies before us which are clearly revenue generating instruments, I am unsure as to whether or not, and I am borrowing a phrase from my colleague, Sen. Creese, I am unsure whether the twiddling and tweaking of policies like this can actually deliver Trinidad and Tobago from the economic turmoil that we are in.

And so as an Independent Senator I make a clarion call today that while these measures are before us I do believe a comprehensive economic plan for the development of Trinidad and Tobago in terms of addressing our illiquidity issues in terms of addressing our overdraft, in terms of addressing our economic growth needs to be brought. I am of the firm belief, others may argue that it is not required, but I am not seeing that these measures being brought, sporadically as they are, can actually deliver a comprehensive plan for Trinidad and Tobago. I am concerned and I would really like to see that. I thank you, Mr. Vice-President. [*Desk thumping*]

Sen. Daniel Dookie: [*Desk thumping*] Thank you most kindly, Mr. Vice-President. I am very happy to have this opportunity to join this debate and address the measures that are before us. Mr. Vice-President, Governments must continuously assess the challenges that face the nation and respond accordingly to strengthen the resolve of the nation and the people in the nation, to withstand the challenges. If I were to put what is before us into my own context I would put it this way: indeed the Government of Trinidad and Tobago would have assessed our situation and would have decided that there is need to ensure that there are certain interventions that would positively impact us as a nation as we go forward.

The measures that are before us in my view, Mr. Vice-President, address the issue of revenue and accordingly in that regard would also address the issue of the redistribution of income towards the most vulnerable. And when you look at the high level of correlation among the measures that are before us it is my view that collectively it will have a positive multiplier effect in our nation's development. But in addition to that, I also believe, Mr. Vice-President, that the actions of the Government in these measures and other measures that would have been articulated by the Government and implemented by the Government, is promoting a positive behavioural change among our people in Trinidad and Tobago. Because as we tackle the hard issues that confront us and as we promote behavioural changes I think the Government is training the people of our country to adjust to tougher times.

I think we ought to remember as well, Mr. Vice-President, that the Government of Trinidad and Tobago in discharging its duties to our citizens would have offered opportunities to increase the personal savings, especially those of the working class, by increasing our personal allowances, by also offering the people of our country, this administration and of course, if I am to be honest, the

administration of the past, to give our citizens the opportunity to invest in retirement savings, registered retirement savings that would allow them to make their contributions and save taxes on their contribution, and therefore giving the less vulnerable in the society the opportunity to save more.

I believe this Government, Mr. Vice-President, would have tackled the issue of transfers and subsidies with outstanding success and I want to congratulate the Government of Trinidad and Tobago for its bold endeavours in this regard. I also think that the Government is promoting and instilling in us, the people of our country, the need to participate, the need to take responsibility and the need to contribute as we engage the future. I think we are promoting a culture that is moving away from a “gimme, gimme” type to a culture of contribution. I believe we are also promoting a culture that centres around government domination to that of citizen participation and I believe by these measures, and other measures that went before us, that the Government of Trinidad and Tobago is moving away from a culture of you do it to let us do it together.

So the measures before us, Mr. Vice-President, I think, cannot be considered without addressing the issue of the revenue situation that faces Trinidad and Tobago. And indeed Sen. Dr. Mahabir would have highlighted our situation regarding the decrease in revenue from \$57 billion to \$37 billion over the period 2014 to 2016. The decrease in revenue from our energy sector by about \$17 billion for the same period and, of course, Dr. Mahabir would have also highlighted the volatility in commodity prices as it affects our society and hence, in my view, it is incumbent upon the Government of Trinidad and Tobago to implement these measures to address our revenue situation, maximizing our revenue stream and taking opportunities to maximize our tax intake. Of course, Mr. Vice-President, as the Government pursue these measures I am sure the

Government is mindful of the responsibility to be fair and equitable and, of course, to minimize the hardship on our working class.

So, Mr. Vice-President, the marginal rate of increase in taxation and chargeable income of \$1 million and more and consequently corporation taxes, the savings bonds and the online tax measures that are contained in the package before us, I believe would increase revenue, would assist in reducing foreign exchange leakage and, in my view, also cause a positive multiplier effect in our local economy and instil positive behavioural change among our citizens.

Let me for the next couple of minutes address some of the measures specifically. The rationale for the online tax, Mr. Vice-President, in my view, would be to stem foreign exchange leakage, to increase Government's revenue and to also have a positive multiplier effect on our local economy. The Minister of Finance, in his presentation here and in the other place and also outside of the Parliament of Trinidad and Tobago, would have told us that in the first 11 days the intake of taxes from this measure would have exceeded \$1 million and he would have told us, in his view, what are the likelihood projection in terms of what the actual intake may be over a period of time. Mr. Vice-President, as time progresses we would see the actual result, but clearly, Mr. Vice-President, this intervention would increase revenues that are available to the Government of Trinidad and Tobago.

There is a lot of information regarding online shopping as it affects the nation socially, our nation socially and economically. I would like to point out some to this honourable institution here this afternoon. One of the disadvantages of online shopping as contained in literature, Mr. Vice-President, has been described as click till you drop. And the literature would tell us that online shopping has caused and influenced people to spend beyond their means. It also

shows, Mr. Vice-President, that those who shop online, many of them, do their purchases at very early hours of the morning and the literature describes one of the negatives which online shopping creates which the literature defines as shopaholics. And this, in my mind, Mr. Vice-President, tells me that there is need for interventions on the part of Government, and in this case the Government of Trinidad and Tobago, to engage in actions to somewhat discourage this type of shopping.

What the literature tells us and teaches us, Mr. Vice-President, is that when there is a discouragement to online shopping, such as the tax that the Minister of Finance would have introduced here this afternoon, it reduces the demand for foreign goods and consequently, Mr. Vice-President, that increases a demand for goods that are produced locally and that impacts the amount of money that is in circulation locally. It means that money stays in circulation locally, it means that more employment is generated and the outcome of it is an increase in local prosperity. And if you examine the work of Kenna, Holstein, Thomas and Tvergastein you will find support for what I would have just presented.

So, Mr. Vice-President, the online taxes would give the Government the opportunity to earn a greater level of revenue and also, to some extent, foreign exchange leakage and also ensure that there is a multiplier effect for our local economy, for an improvement in productivity.

6.00 p.m.

Let me, for the next minute or so, address matters concerning the increase in the marginal rate of taxation of both corporation tax and income tax. This intervention, I believe, brings a level of equity. The Minister of Finance and Sen. Henry would have done, and presented to us, a comparative analysis which shows that we are still in good stead with the marginal increase, but I think we also must

note that the wealthy in our society would have benefitted the most in good times; the wealthy in our society would have benefitted from certain subsidies that were offered to our country, such as the fuel subsidies. The wealthy would have benefitted the most regarding government spending and investment, and hence the wealthy is best positioned to pay a little more tax.

The way I look at it, Mr. Vice-President, as people, as individuals, in our nation, is to ask the question: what contribution, as citizens, can we make to the development of our country, given the circumstances that we face? Some people can work longer hours; some people can shop less on time; some people can reduce wastages and some people can pay a little more tax. Because it is incumbent upon the Government of Trinidad and Tobago to ensure that the burden of adjustment is shared, and also, as I said before, to promote some level of behavioural change, in this case, the strong supporting the not-so-strong so that the not-so-strong can become strong.

I do take the point raised by Sen. Dr. Mahabir when he highlighted the need for companies to use their retained earnings for reinvestment, but I think it is also important to measure that against the need for the Government to raise revenue so that the Government can redirect or redistribute income towards supporting the vulnerable and, of course, the Government is in a better position to provide that support to the vulnerable than the private sector. So I think, as we examine it, it is important to ensure that that balance is brought to bear.

And I would like to close by just saying a few things regarding the savings bonds. We have come in this House, in this institution, and we have expressed our feelings regarding the level of interest rates, or the spread of interest rates and lending rates. We have expressed our view regarding the risk-free rate in our country and how low it is, as well as the levels of fees that are charged by financial

institutions. The first point I want to make regarding the savings bonds is that I believe, as we promote positive behavioural change as a Government, I believe the Government of Trinidad and Tobago is trying to promote a culture of personal savings, a culture to our people to take personal responsibility for their finances, a culture that promotes personal individual financial development which leads and contributes positively to national development.

Of course, as you know, given what is before us, there is a ceiling on bonds which limits the amount that one can invest up to, which means that there will be a greater opportunity for members of the working class to benefit by investing in the opportunities that are available to them. I also think this measure would also have a positive impact on reining in inflation because I will reduce the circular flow of money and that means, to some extent, reduce demand and hence reduce inflation, at the same time increasing personal savings. And if I were to go a little deeper into this measure, I believe that this measure will assist in improving market efficiency because competitive financial markets respond to random information. We may say that the market efficiency level is a bit weak, evidenced by the fact that a few organizations make superior profit, but as a market responds to this initiative, I believe you would have a more even spread of the gains and benefits to the customer, to the organization and the country.

From the perspective of the layman investor, I think the question that individuals and members of the working class will ask themselves as they consider taking advantage of this opportunity: where do I have the money? What level of gains is it currently attracting? Is there any risk? What is the level of risk? And begin to compare their current portfolio to the opportunities that exist by this particular measure articulated by the hon. Minister of Finance, and when decisions are made by individual investors regarding these opportunities, I think it will have

a positive effect on market efficiency.

So how I see this, Mr. Vice-President, for the layman, for the working class, it is an opportunity to engage in a risk-free saving measure, enhanced income, enhanced security and financial risk diversification for the layman in terms of his savings; a predictable income stream for the future; save more now and spend less, which means delayed gratification, and just as importantly, in my mind, that the layman will be able to share in the earnings from debt financing and benefit at the individual level.

I do not think that summing up the measures before us simply as in terms of debt and tax is sufficient to give a fair-minded analysis of what is before us. Debt, certainly, yes, but debt in this regard means giving the working class an attractive vehicle to save for the future, and debt in this regard gives them a competitive choice in terms of a risk-free investment vehicle, and debt, as it relates to what is before us, yes, but also in positively impacting market efficiency in our financial sector. Taxes, Mr. Vice-President, of course, but taxes in this case means increased revenue, increased revenue for the Government of Trinidad and Tobago to engage in actions to support the vulnerable, to provide goods and services to the people of Trinidad and Tobago and to redirect and redistribute income towards those who most need it.

I also would have heard the hypothesis put forward by Sen. Shrikissoon in terms of corporation taxes and income taxes having a negative impact on economic growth and economic development. I wish to state that if you examine the literature in terms of taxes and the impact it has on national development you will come across a moderating variable that speaks to the issue of how the tax revenues are utilized. And I think when you engage this type of analysis, it is important, not just to look at the independent variable, in this case as put forward by Sen.

Shrikissoon the corporation tax and income tax and a dependent variable or performance variable, in this case, economic growth, but it is important to look at the moderating variables that moderate the relationship, in this case between taxes and economic growth. And if you engage the literature, you will find an important moderating variable which could be described as how the moneys are used, and you will find that that is a variable that you manipulate to impact the performance variable or the dependent variable, in this case, which is economic growth.

So therefore, Mr. Vice-President, while you collect taxes, what is important to understand is that if these taxes are put—or the revenues are put—to productive activities, it will have an important and positive impact on economic growth. So I think the measures before us are commendable. I think the Government is responding in the right manner to the challenges that face our nation. I think the Government is doing what it has to do to increase revenue. I think the Government is doing what it has to do to promote positive behavioural changes among our citizens, and I believe as we engage the future you are going to see the positive effect of these measures and other measures that were introduced by the Government on the development of Trinidad and Tobago.

Mr. Vice-President, it is with much sincerity that I thank you. [*Desk thumping*]

Sen. Wayne Munro: Pleasant good afternoon everyone. I would like to express my gratitude and thanksgiving at this time to be in this House to contribute towards this debate as it relates particularly to Finance Bill (No. 3), 2016: “An Act to provide for the variations of certain duties and taxes and to introduce provisions for a fiscal nature and for related matters.”

Before starting off my debate, in the spirit of the debate it is customary for one to go back and hear what the other contributors—fellow Senators—put

forward, and then build on the foundation going forward. Let me take just three minutes—only three minutes I need—just to go back and do a reflection. Let me first start off with Dr. Lester Henry. He spoke about coming back to the concept of equity, and for his contribution that lasted for 25 minutes, he never, one time, touched the concept of vertical nor horizontal equity. So I decided to, in my contribution, as an economist—I would explore the equity concept in taxation and apply it to Government policy as it stands.

While the hon. Senator was making his contribution I got a text from someone watching live, and they asked to clarify to persons listening an important concept. In this contribution, Sen. Dr. Lester Henry made a small—should I say, I need to clarify it. The first thing is this: a progressive income tax system is one where the rich pays more. A proportional income tax system exists when everyone pays the same percentage in tax, and a regressive taxation system indicates that the poor pays more. I need to clarify that because it was not said that way.

Then I am going to go now to Sen. Dookie in his contribution, and I need also to clear the air. I cannot be an economist in this House and allow certain things just to be said without bringing clarity to it. One of the first things that he said which needs immediate clarification—and I quote: “A positive multiplier effect results from an increase in taxation”. Mr. Vice-President, an increase in the marginal rate of tax is a withdrawal, and if you have a withdrawal in the economy, the formula for any multiplier in any part of the world is one of the total withdrawals. So an increase in the marginal rate of tax, let us say from 10 per cent to 15 per cent, will not cause a positive multiplier in the economy. It will cause a negative multiplier effect in the economy. [*Desk thumping*] That is the first clarity. It means that persons watching online who have A level exams via CAPE or via London examinations, will go away with the wrong picture because an

increase in the marginal rates of tax is actually contractionary. It is not expansionary. That is the first clarity—clarity number one. [*Desk thumping*]

He went on further to say that once you have increases in taxes you will have something called import substitution, and he quoted a particular article. Now, once you increase your taxes, it will cause negative multiplier effects and will not cause increase in savings by the working class, which was indicated—increase in savings by the poor. He also went on to mention a number of things, and all that he said, any economist listening to his contribution will know that he needed some lessons in economics. In fact, they all, on that side, need lessons in economics as it relates to how they put across and how they interpret the whole economy of Trinidad and Tobago, which I will get into.

Mr. Vice-President, let me go back to my contribution. We have the proposed amendment to the Income Tax Act, Chap. 75:01 and what we have on record is that the rate of tax payable on chargeable income of a person other than a company, shall be 25 cents for every dollar. The new adjustment is that:

“The rate of tax payable on the chargeable income of a person other than a company is-

- (a) twenty-five cents for every one dollar up to one million dollars (\$1 million) of chargeable income; and
- (b) thirty cents for every dollar that exceeds one million (\$1 million) of chargeable income.”

Mr. Vice-President, through you and to the Minister of Finance, I know I like to ask him questions for clarity—

Hon. Imbert: Even though “ah doh” answer them.

Sen. D. Munroe: And despite he may or may not answer, the question is: in terms of legal drafting, when you say up to \$1 million in legal drafting, does it include

the \$1 million, or does it not include the \$1 million?—up to \$1 million.

Hon. Imbert: Where is that in the Bill?

Sen. D. Munroe: Mr. Vice-President, the two-tier tax system of income, it begs on the question of efficiency. There are two types of efficiency. There is something called vertical efficiency and there is something called horizontal efficiency in taxation. Once you have horizontal efficiency in taxation, in theory it means that persons who have the same level of income—

Hon. Senator: Is that on page 3?

Sen. D. Munroe: Page 3. Persons who have the same level of income, the theory states that they should pay the same sum of money in taxation. But, Mr. Vice-President, you have to consider what reality a person is living in. In theory, what is the reality? The reality is that persons who earn the same income level across the board may be faced with different circumstances. For example, Mary is a single parent. She has five kids. Her income is \$9,000 per month and now has to pay 25 per cent in taxes. If you look at the concept of horizontal equity, it means that systems should have been in place in order to bring her in line with everybody else. These systems are, what you call, social programmes. Once you have social programmes, it means that whenever a person now suffers from horizontal equity, it brings them back in line in terms of the programmes put forward in order to maintain a person's income level, given the number of sacrifices they have, or commitments they have, at their disposal.

Mr. Vice-President, on the notion of social programmes, I would like to quote from this article, if I may.

“Address to the nation by Dr. The Honourable Keith Rowley, MP Prime Minister of the Republic of Trinidad and Tobago, Tuesday, 29th December, 2015.”

Hon. Senator: Good material.

Sen. D. Munroe: We got very quiet. And notice that on that side they said, “very good material”. And I quote:

“The Government will intensify its support to the vulnerable in our society through the Ministry of Social Development, the Ministry of Education, the Children’s Authority, the Tobago House of Assembly and the Regional Corporations...”

Hon. Senator: Promises Never Materialize.

Sen. D. Munroe: Mr. Vice-President, to date, we all know what went on with the Ministry of Social Development in terms of providing that social net for the poor and the vulnerable in our society. And I ask the question, based on the hon. Prime Minister’s speech: what does he plan to do for the coming year? Where is the book grant?

Hon. Senator: Book grant?

Sen. D. Munroe: Where is the food grant? Where is the assistance they promised for the poor and the underprivileged in this country? [*Desk thumping*] As the colleague on that side said—he said, “good reading—what?—material”. I agree. Mr. Vice-President, if you look across the board, you will have to consider when you are looking at horizontal equity, a person’s economic circumstance, and once you consider a person’s economic circumstance you will ask yourself the question: in order to maintain horizontal equity in the system, why the removal of those social support systems by that Government on that side, making persons worse off, given a horizontal taxation system put forward in this country?

Mr. Vice-President, remember the social programmes were designed to take care of those persons who cannot take care of themselves, and one in which a taxation system will not consider a person’s needs or what level of commitment

they may have. A person would be on a high tax bracket, let us say, for example, 30 cents on the dollar, but the person's assets may have been over-leveraged, in that their assets are tied up so much that, yes, they made the \$1 million, but you have to pay high—what? They are high in debt, high mortgage, credit card debts, car loans, and all these things. For all these persons, the 30 cents tax would be very regressive on those individuals.

Mr. Vice-President, once you tax someone above a particular level, the tax that is put on a person above a particular level, it may actually act as a disincentive for them to continue business, and that is the point hon. Sen. Shrikissoon was saying. He was saying, what? Once the tax level is above a particular level, it acts as a disincentive for productivity and for growth in the economy, not a positive multiplier effect as indicated by that side. Mr. Vice-President, one could even go further and notice that projected income tax may not be realized because the Government may have taxed itself out of the market. The Government taxing themselves out of the market? I go to another article here, *Trinidad Guardian*, Monday the 19th. Now, this is a report put forward—could I read it into the record?

Mr. Vice-President: Yes, you can.

Sen. D. Munroe: Right. 2016—today. It is the *Trinidad Guardian*, and they make reference to—and I quote:

“Tax revenue fall by 31 per cent immediately after the imposition bringing in to zero-rated items.”

So we see a case where the Government taxing, taxing, taxing, on the one hand, and the fall in anticipated revenue projection as a result of them taxing themselves out of the market. So once you had zero-rated items, you bring the zero-rated items on board hoping to get money coming in, and here we have an international

body, the Economic Commission of Latin America and the Caribbean, giving us recommendations in Trinidad and Tobago, telling us now that the Government has priced themselves out of the market because what they anticipated to collect they did not collect it, as coming in in terms of revenue, because they have taxed themselves out of the market.

Mr. Vice-President, during a period of economic downturn, the PNM Government and all the economic policy advisors who believe that increasing taxes is expansionary—that is what they believe: increasing taxes is expansionary—they are not considering the impact of their policy in terms of all the groups in society. The increase in tax—tax after tax, after tax—they are not seeing that the increase in tax, that persons cannot send their children to school. They are not seeing that. They are not seeing that they cannot buy foodstuff, especially now, Christmas time. They are not seeing that. They are not seeing that they cannot pay rent; persons cannot pay for day care; persons cannot pay mortgage; persons cannot pay car loans. In other words, persons cannot survive in this economy with policies of the PNM Government because they are very, very regressive.

Mr. Vice-President, the income tax and deadweight loss—there is something called deadweight loss in the society. Now, I expected the economist to speak about deadweight loss. Now, deadweight loss exists when there is tremendous administrative cost involved in collecting the tax. And how the debate was going a while ago, some people indicated that the bank should be the one responsible for collecting the tax on behalf of Government, and as the Minister rightly said, that the bank may ask for a charge. Now, the charge the bank may ask for, if he decides to let the bank collect the taxes, Mr. Vice-President—the money that is not allowed to circulate within the economy is known as deadweight loss. So whenever you administer a tax, there must be a proportion of money that will go to

the Government and a proportion of money that will be considered to be administrative cost. But under the Government of the PNM we see now that there are tremendous, what you call, administrative costs of collecting such taxes, which is referred to as deadweight losses in the economy.

Hon. Senator: “Dah is dah whole side over there.”

Sen. D. Munroe: Mr. Vice-President, once it is considered deadweight losses in the economy, let me go back to the hon. Sen. Daniel Dookie. He said also on the issues of taxation--and I want to correct the record because anyone listening to this telecast now and I have not corrected the record, it will give a bad impression to this House.

Hon. Senator: Correct. [*Desk thumping*]

Sen. D. Munroe: Mr. Vice-President, he talked about market efficiency and any economist will tell you, when you talk about market efficiency, it exists when there exists no government taxes—no government taxes. The market is efficient when there are no taxes. Right? Once you have no taxes in the economy, you have market efficiency. [*Crosstalk*] I am being disturbed.

Mr. Vice-President: Members, can we maintain a level of silence? It is getting a little loud and I would like to hear what Sen. Munroe is saying. Continue. [*Desk thumping*]

Sen. D. Munroe: Thank you very much, Mr. Vice-President, for your protection. I hope I am entitled to injury time because it is a lot of things I have to say here.

Hon. Senator: Talk, man, talk.

Sen. D. Munroe: Mr. Vice-President, market efficiency, increase in taxes due to increase in demand leading to increase in market efficiency, it occurs under free market forces—increased taxes causing positive effect on economic growth. On that side—coming from that side, that record needs to be corrected. [*Desk*

thumping] What kind of economist is that on that side? Then they go on to the proposed amendment at Act Chap. 75:02, 25 per cent on the dollar for profits more than—corporate tax, \$1 million and 30 per cent—[*Crosstalk*]—Mr. Vice-President, please. Thirty per cent on the dollar for more than \$1 million.

Mr. Vice-President, there is a talk out there by a large number of business persons, and the talk goes like this: “You increase the tax. I have to pay 30 per cent on the dollar. I have no choice but to use cheaper input in my production process.” I was speaking up to yesterday to a local juice company. He makes juice and he supplies it to the whole of Trinidad and Tobago—I am not saying which company it is—and he said that he “accustom” importing the bottles, the plastic bottles for his operation, and he is now required to pay what—30 cents on the dollar. He said, “Mr. Munroe, I have no choice but to reduce—to bring in—[*Crosstalk*]

Mr. Vice-President: Members, Members, the level of noise is really getting up there. Can we maintain a certain level of silence while the Member is making his contribution?

6.30 p.m.

Sen. W. Munro: Thank you again, Mr. Vice-President. Mr. Vice-President, the point is what?—that ready to substitute, to bring in cheaper inputs into the market. So it means that the consumer now, the impact of the government policy to have this two-tiered system it could lead to inefficiency in terms of consumers getting inferior product. It could even go further. I have a friend and her name is Susan. Susan now, she works as a cleaner in a company and she was called in by her manager, and do you know what the manager told her? That they have fired all the other cleaners. Now Susan has three kids, ages two years old to eight years old, and now she is required to multitask. Thirty per cent on the dollar, the business persons are cutting back costs and in some cases it could lead tremendously to

exploitation of persons in the workplace.

Mr. Vice-President, 30 cents for every dollar on excess profits. Do you know what they call this? This is called bad timing by the PNM. The economy is going through a period of stagflation.

Hon. Senator: Who?

Sen. W. Munro: Stagflation. Not the drink. The economy is going through a period of stagflation, and a stagflation could be defined as, for those on that side who do not know, who are asking what, high prices and high levels of unemployment. The new definition for stagflation is that there exists what?—high prices in the economy, coupled with high unemployment and high underemployment.

Mr. Vice-President, we have a case of prices increasing every day. We have food prices going up, the price of drugs going up, the price of transport going up, taxi fares. Petit Valley increased recently from \$5 to \$7, a 40 per cent increase in prices under that administration in our country, and the result is that what you call cost-push what?—inflation. Cost-push inflation. You increase the tax, costs go up, cost-push inflation. I could even go further and I can quote CSO data as it relates to unemployment in Trinidad and Tobago. The fourth quarter of 2015, CSO data, the unemployment stood at 3.5 per cent. The first quarter of 2016, the unemployment figure increased to 3.8 per cent. The second quarter of 2016, according to CSO data, it went up to 4.8 per cent in this economy.

If I go back to the *Guardian* article and I quote some figures here from the *Guardian* article, it said that—the *Guardian* article put forward and I want to read into record:

The Economic Commission for Latin America and the Caribbean, it says that:

“The unemployment was high in the construction sector in this economy.”

The unemployment was high in the construction sector in this economy, and I go back to this article here, the article that they said was gospel and good reading. Address to the Nation by Dr. the hon. Keith Rowley MP, Prime Minister of the Republic of Trinidad and Tobago, Tuesday, December 29, 2015. I want to repeat again. Let me go back a bit. “Unemployment was high in the construction sector”—international report. The document that they said was what?—gospel. Address to the Nation by Dr. the hon. Keith Rowley MP, Prime Minister, Republic of Trinidad and Tobago, Tuesday, December 29, 2015. That is how much days it would have been from now, and the document goes like this. This is what it said. I am repeating exact. It says that:

“...we intend to ramp up housing construction as a major driver of the economy...”

We intend to ramp up housing construction as a major driver of the economy, and now we have a document coming in from an international independent agency telling that the unemployment was high in the construction sector—gospel.

Mr. Vice-President, I go now to the 7 per cent tax on online shopping for individuals. That 7 per cent tax on online shopping, it is my humble view that that tax is unfair for a number of reasons. Let me first start off by quoting the hon. Minister. I listened to him attentively. I have great respect for that man. High respect for that man. Great respect. Very, very high respect and I love his maths. Of all the persons on that side, of all the economists on that side, he sounds better than all the economists on that side. Do you know what he said? He said 10 days from the 7 per cent—and I took information because it was important what he said—10 days, \$1 million. Am I right, Mr. Minister? He is shaking his head. He said, yes. In November \$2.5 million, 30 days. So in one time period 10 days, \$1

million. So if 10 days I got \$1 million, in 30 days I got what? \$2.5 million. Is that efficiency or is that inefficiency in tax collection? That is inefficiency in tax collection.

Mr. Vice-President, I can even go further. Taxation is linear, brother. Taxation is linear. Look at Schumpeter analysis. Mr. Vice-President—*[Interruption]*

Mr. Vice-President: Focus on the Chair.

Sen. W. Munro: Okay. Please inform me when it is five minutes. Mr. Vice-President, Michelle is a UWI student—*[Interruption]*—I work in UWI—Michelle is in year two in UWI and Michelle is a person that shops online. She is from Laventille and she shops online. My area where I grew up. She shops online—the UWI student, the Department of Management—and she takes the extra money from shopping online and she uses that to pay her rent, to buy food, for transport—*[Interruption]*

Sen. Sturge: It is cheaper to shop online.

Sen. W. Munro: It is cheaper to shop online. I could even go further, and in looking at—you can even compare—*[Interruption]*—damage time, Mr. Vice-President—online shopping with non-online shopping. In April next year, April the 18th thereabouts, I would be expecting my second son being born. *[Desk thumping]* My first son, his name is Ace.

Hon. Senator: Ace?

Sen. W. Munro: A-C-E, Ace. That is my first son, Ace, and the one that is coming on in April, his name will be Axe. Ace and Axe, A. Only As. My wife and I went online and there is something call a baby steamer, and the baby steamer—*[Interruption]*

Hon. Senator: What?

Sen. W. Munro: Where you steam the baby bottle, the bottle steamer. [*Crosstalk*] Steamer, sterilizer, what part of the fence you are from? The steamer, whatever, sanitizer, sanitize the bottle. The bottle sanitizer. So we went into this—I would not call the name—popular drugstore, all over Trinidad and Tobago. Very popular—[*Interruption*]

Sen. Sturge: SuperPharm.

Sen. W. Munro: I am not calling no names—and that item cost TT \$2,400. Online, the same item, it cost TT \$400. A big difference, Mr. Vice-President. A very, very big difference.

The hon. Dr. Lester Henry, do you know what he did? He went and talked about international developments and he quoted statistics on tax in different countries, but then the hon. Dr. Lester Henry forgot to talk about Greece. Now Greece, to the hon. Minister of Finance, Greece implemented an online tax system, and in that online tax system, Mr. Vice-President, guess what? Greece has exemptions for books, through you, Mr. Vice-President, to the hon. Minister, exemptions on computers. So the question is: in the spirit of Christmas, could the hon. Minister of Finance, through you, as he rushed with Legal Notice 132 to have the wine waiver, can we depend on him to waiver the tax for online toys as well? Online toys, it is Christmas. The importation of toys for Christmas, can you waiver that? And there is the big, big discomforts, where there is a level of discrimination with online shopping, bringing it in on freight versus what is going on in the warehouse and everybody seems to have a question upon that.

Mr. Vice-President, there is a talk out there and it is important for me to raise the issue now, and the talk out there is that the Government, the PNM Government, plans to impose taxes on barrels. If I am wrong, if it is just talk, during the Minister's winding-up could he tell the nation that there is no intention

to focus on the barrels that are coming into the country because the persons who have barrels coming into them, they are the poor members of our society. There are persons who go abroad, single parents go abroad and they bring barrels, send barrels to their children and so on, but is it the intention of that Government, or the PNM Government, to tax poor persons whose barrels are coming into the country? Is it their intention?

[MADAM PRESIDENT *in the Chair*]

Now, we have the non-transferable bonds not exceeding a total value of \$2 billion in such denomination that may be prescribed. Madam President, on Friday 16th I had a meeting with a number of investors who are very interested in what is taking place in this Senate, at this time, as it relates to government bonds. The non-transferable bonds are very limited in scope, in that, purchase from the Government, sell back to the Government, get the interest and the full payment after a period of time. I am asking a question to the Minister, through you: why the Minister did not consider a different type of bond, negotiable bond in this issue? If we consider negotiable bond in this issue there are advantages that you can reach a wider cross section of persons, and given the uncertain nature of the economy it will be important to consider such a bond, where room for negotiation could have entailed. The issue of non-negotiable bonds, as put forward by the hon. Minister of Finance, would increase the country's debt to GDP ratio.

In 2012, the debt to GDP ratio stood at 39.4 per cent; in 2013, the debt to GDP ratio stood at 39.1; September 2015, the debt to GDP ratio stood at 45.6 per cent; December 2015, it jumped from 45.6 per cent under the PNM to 58.84 per cent. My source, 3deconomy.com, a popular site, Madam President, would you believe that the debt to GDP ratio under the PNM Government, after three months in office, it increased by 29.035087721 per cent.

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

Sen. W. Munro: Five more minutes. When you consider the debt to GDP, I would have expected the Minister of Finance to come to this Senate and talk about government savings bonds issue as a percentage of GDP. I would have expected him to come to this Senate to talk about national tax free savings bonds as a percentage of GDP. I would have expected him to come to this Senate and speak about tax free housing bonds as a percentage of GDP.

Madam President, it is with the above in mind that one also has to consider what is going on in the global economy, because happenings in the global economy will impact on the development of what is going on in Trinidad and Tobago as it relates to our overall development and the imposition of tax across the board. Excessive tax will lead to hardship and would cause the economy to collapse over time. So it is important for us to know what is going on in the international community and what impact that will have on the Trinidad and Tobago economy.

Madam President, I now go to conclude my contribution, and to conclude now I am going to read again an Address to the Nation by Dr. the hon. Keith Rowley MP, Prime Minister of the Republic of Trinidad and Tobago, Tuesday, December 29, 2015, and I quote—and this is the quote I would like to quote for everybody in this Senate. We know it is important reading. It said:

“Some persons have been heard to say that, given the difficulties we are facing, it would have been better”—for us to lose—“the General Election.”

His quote. Madam President, I will read again for you. He said that:

“Some persons have been heard to say that, given the difficulties we are facing, it would have been better to have lost the General Election.”

And I end with this quote:

Matthew 24: 22:

“If those days had not been cut short, no one would survive, but for the sake of the elect those days will be shortened.”

Thank you very much. [*Desk thumping*]

Sen. Melissa Ramkissoon: Thank you, Madam President, for the opportunity to address this Senate and to join in the variation of duties and taxes debate today. Now this is a money Bill, so we all know that the Senate does not hold a vote. So I am grateful to voice my concerns and points in today's debate, and it really is to show the functioning democracy that we have here. And on that point, I just want to touch briefly on the occurrence at the last sitting of the Senate, which was truncated after the reading of the opinion of the Treasury Solicitor. I am aware of best practices used in different Parliaments, but I am not so aware of the practice of opinions being read into the Parliament as best practice.

Unfortunately, if you go to the *Hansard* you would see that it was promised that the Senators would be provided with a copy of the Treasury Solicitor's opinion. [*Desk thumping*] However, it was not circulated to date, and if you go to the Ministry of Finance website, which shows the description of the Treasury Solicitor, you would see there is a disclosure on the website that says the advice provided by the Treasury Solicitor Division is highly confidential. So we may never know the true context of the excerpt read into the *Hansard*. So I hope that the promise—we have the assurances committee—would be provided because this now sets a new precedent on which future Governments can follow. So it is a little bit concerning that this is the new precedent in which we are setting when we do not have full disclosure or full information on to what is leading this new precedent. Again, if it is a best practice, please share such.

So, Madam President, I took it upon myself to do some further research into this

occurrence and to ensure that we have full information on to what really drove this decision. Now, I went to the media first and I saw according to a newspaper article on the *Newsday*, the 17th of November, 2016, and I quote. It says that:

The Minister of Finance said “he sought the Treasury Solicitor’s opinion because of a threat by the Opposition Leader...to challenge the legitimacy of the online tax in the House on November 9.”

I honestly, Madam President, do not believe this is the reason because politicians’ feelings should not dictate the function and the operation of our Parliament. [*Desk thumping*] So instead, I looked at the Provisional Collection of the Taxes, which is Chap. 74:01, section 3, which really speaks of the provision of taxes and the Act and it really speaks on the publication of the Order, and that the tax as imposed or varied by the Order shall be payable. So that is what we have right now. In the case of the tax, under subsection (1) of the Order shall, subject to the provisions of this Act, have effect for a period expiring at the end of the four months after the commencement of the Order. Again that is where we got the four months from. If this Order does not take in place, it cease or it is pulled back from the President, we get back our money and we get a payback. So the Act actually goes into all of that.

If you look at Bill, Madam President, as per the Bill before us, we see 71(1) where the Tax Authority of this part is controlled by the Comptroller of Customs and Excise, and the Comptroller may exercise the powers given by the collection, enforcement and management of duty under the Customs Act, which is Chap 78:01 and any other written law in respect of the online purchase tax.

So I am really venturing out of my remit and my comfort zone by going through these laws. So if any person has more information, they have their legal advice of others, you are more than welcome to lay this before the debate. That is

why I bring it up at this point in debate. I did not hear any of the other Senators really speak about it. They touched on it. I think the hon. Minister at his beginning of introducing the Bill, he spoke about the Provisional Collection of Taxes Act, but if you look at the Bill before us it makes reference to the Customs Act, and in that Act I saw under clause 6(5), it says:

“An Order made under subsection (4) shall be laid in Parliament within thirty days and shall be subject to negative resolution of Parliament.”

It even goes on to say:

“If the Order is not submitted within the said period of twenty-one days to Parliament for confirmation it shall...expire.”

So my interpretation of this is that we have to pass the 30 days, so is it that the Order has expired and I will get back my money? All the moneys that are put into this orders before that has been laid? And that is what I would like some clarification on at this point. So it does say in this Act where there are provisions if the Order is expired where repayment is expected. So those are some of the areas that I looked at and I have quoted them. So, Madam President, I really would like some clarification on that.

Now, let us look at the taxes and the duties which is what we are here to talk about. The working class pays taxes diligently—[*Interruption*]

Hon. Senator: He wants to know if you would give way.

Sen. M. Ramkissoon: Okay. I am giving way to the Minister.

Hon. Imbert: Thank you for giving way. That is okay. Could you just kindly be a little more specific? What is the refund that you are referring to?

Sen. M. Ramkissoon: Actually each of the Acts has a section. If you look at the Customs Act which has the section 7(3):

“So much of the duties as shall have been paid under an Order made under

subsection (1) as may be in excess of the duties payable immediately after the expiry of the Order shall be repaid to the persons who paid the same.”

So whatever you have paid, once it has expired you expect to be reimbursed. Even if you look at the Provisional Collection of Taxes Act on—this is section 4 which says:

“Cases where tax unauthorized and repayable.”

And it actually has—one, two—two sections that deal with it. I am sure you can look at it.

Madam President, in relation to working class citizens, we pay taxes diligently and we expect the Government with these tax dollars to sponsor programmes, fix roads, hospitals, schools, community development with taxes and duties collected. That is what we citizens expect of any Government who is collecting taxes. Now, this debate is to highlight the areas in which we want to increase taxes and the implementation of a new tax. Now, we have looked at the alcohol taxation that they would like to increase and I have not seen really a major impact of citizens not purchasing alcohol. So we are okay with that. The running of the mill is the same, same with the tobacco. Unfortunately these taxes do not look at—any measures like these do not really look at persons who just cannot afford, meaning that they abuse alcohol consumption and abuse tobacco, where the last funds are just gone into it in a wasteful manner, but this does not speak to that.

I was happy to hear from the Minister of Finance in his introduction where he spoke of the \$1 million income tax increase, and he said that they would be generating approximately \$15 million to \$20 million. Am I correct on that quotation? Yes? So it was good to know how much because we really do not know who are our million dollar income earners. We do not walk around with our payslips. So it was good to know this is what is expected. We do not know what

we would be using this additional revenue for, but if that is what we want from them then we should say this is what we expect and this is what we are going to generate and have that set in your strategic plan.

So in relation to the online tax implementation the Minister said in the other place that the 7 per cent online tax would be on the value of the good, and I just want a little bit of—I know he said it many times it is the value of the good, however, Madam President, if we all look at the Bill before us, in the Explanatory Notes, the notes in the front of the Bill, Part V, Miscellaneous Taxes, and it says:

“The online purchase tax would be charged at a rate of 7 per cent on the value of the good (including cost, insurance and freight).”

So is it that it is on the value? So he made an example that he made a purchase of US \$20, is it on the value of the good or it is including all of these additional costs?

7.00 p.m.

Now, I bring this up because I knew I was going to speak about online taxes today so I made some recent online purchases for the month of December and I went to look at the online taxes that I was being charged and I calculated 7 per cent of the goods that I purchased and it was not equivalent to what I was being charged by my courier and I could not understand how they were computing this amount. And again, we do not control these things but yet we—well, we say okay, it is \$14 so we do not really feel it, but it is very unfair to be charging, or every courier to be charging a different value. Is it 7 per cent on the good? Is it 7 per cent on the—well, they do not give you a breakdown, they just give you online tax. There is a line, online tax, and there is an amount and it was not equivalent to the 7 per cent of my good. So a lot of people are not paying attention to it. They are just seeing a small value so they are paying it but it is still unfair and unjust to be charging a fee such as that and not being fair to the 7 per cent that is being written into our

Bills or Act.

So, Madam President, if you look at what was being told to us earlier about this online tax and it is also written in the Bill Essentials which is online for all persons to read and access, Bill Essentials for Finance (No. 3) 2016 and it says the rationale for online tax is that:

“This tax is intended to help manage the increase in foreign exchange outflows from online purchases, reduce revenue leakage and assist local manufacturers and service companies to compete with overseas retailers.”

Those were the three reasons given for the rationale of the online tax. None of these reasons were revenue generation as being said today.

So, if you look at the reducing of the revenue leakage, Madam President, during the debate in the other place, we heard many different ideas of how to reduce loss of funds, how to generate revenue and there were great ideas. Unfortunately, the debate in the other place is a little different because there is much more party politics than we would like and a lot of the ideas were cancelled because they had an opportunity before and they did not do it. But nevertheless, there are ideas in the *Hansard* that I thought had merit to investigate. But however, all these revenue generation ideas need proper infrastructure. You cannot just decide that you are going to have your agricultural benefits and you do not have the proper infrastructure or institutions in place to really have that benefit. So you need to ensure that when you have this, you have the proper regulations in place because you cannot have a reversal in your methodology. You need to have your regulations and then your legislation to support.

So, Madam President, it is clear from the *Hansard* from since December 2015, I have not been in support of the online tax. I am one of those who shop online and I also do not see any merit or I have not heard of any point that really

said we need this online tax. We already have duties, customs duty which is 20 per cent. I do not know if they want to raise it to 27 per cent then say so but do not just implement a tax and we are not sure what is the reasoning or the justification for it.

Now, the Minister, in the other place, shared a study called the LOCO study of online tax and that was implemented in Canada. Do you know what the Canadians did? Before they implemented such an online tax, they conducted a study on the impacts and its findings before implementing a tax. What studies have we done? What can Trinidad and Tobago say about us and what impacts these taxes would have? What? Again, it is not fair to be just implementing—if this is a revenue generation method then say so. Do not say it is to reduce the foreign exchange leakage or other avenues. You need to say what it is and be fair and be clear. Now, if you look at the Caribbean, we are the only country in the Caribbean who decides to implement an online tax. I am not sure why. We are not one of the poorest countries in the Caribbean but yet we are the only country looking at an online tax. [*Desk thumping*] I do not know.

Now, when we look at online taxes, there is the argument that tax needs to be—to slow the drainage of the foreign exchange. Now, I would like to know if this aim, if this—we have implemented this online tax in October, have we seen a reduction in the foreign exchange leakage? [*Desk thumping*] Unfortunately, we have remained flat-footed on our customs, consumer affairs, deal with our business and we have retailers marking up goods at extremely unreasonable rates and now we have no choice but to buy online and pay our 7 per cent tax that I do not know what is the reason for or we just pay three times the amount locally.

Hon. Senator: Exactly, correct.

Sen. M. Ramkissoon: So I do not see the reason. [*Desk thumping*] So let us look at an article that was published on the *Newsday*, October 22, 2015 and it states:

“...keep foreign exchange here....imposing a tax specific to online shopping should help achieve this because more consumers would think twice before buying online and instead peruse local stores, thus also helping to increase sales at local businesses.”

I would like to ask, Madam President, did this actually happen? Are our local stores seeing more shoppers because of this? I do not think so.

Now, another rationale, according to the Bill Essentials, is to assist local manufacturers and service companies. I do not know, Madam President, from between October to December, how the manufacturing sector has evolved to meet the needs of the citizens. Have we seen any growth? Have we seen any progress? Have we heard anything from them? They are not meeting our needs but yet we are taxing them. Right? But it is okay. [*Desk thumping*]

Now, we have heard that most of our shopping is clothing. I do not know if any studies have been done to see what it is that we purchase. If it is cell phones, medicines, books. We do not know what is the most purchased good online, but we are just saying we purchase too many things online. I do not know what is the justification. Yes, we are seeing that we are making a revenue of \$2.5 million in half of December but if you have needs that are not being addressed by your country, you have to go outside. [*Desk thumping*] Everybody loves to shop— [*Interruption*] Well, I am a female and I like to shop so who does not like to go and shop locally. If it is here, we would buy here but no, we want to mark up the goods, you might get robbed, you would not find a park, we have recently heard of the unfortunate murder. But no, we are not putting any measures in place for our citizens but yet we are subjecting them to this one-way thinking. I think it is very poor and we should not do that. [*Crosstalk*]

Madam President: Hon. Senators, the night is progressing and it seems there is a

little restless air in the Chamber. Could we bring it down, please? Sen. Ramkissoon, continue.

Sen. M. Ramkissoon: Thank you, Madam President. Now, we have to understand, when there are specialized goods that are not available locally that we need to shop online for. I believe Sen. Munro spoke about exemptions to the online tax implemented in other places. This is a good measure that we can think of. Because like sporting goods, we have the new aquatic centre and the velodrome that is going to be opened. These things need specialized equipment to participate in these sports.

So again, we need to have—it is either that the Government really holds the retailers accountable and say you cannot be marking up your prices at that high, and they cannot do that because they do not control the local business owners. So it is either they do that and you find a way and allow us to shop online because this is what we believe in value for money. Every Government speaks of transparency, value for money, fairness, equality, equity so this is what we are asking for and by implementing an online tax and not really speaking to your citizens about it, you are not really showing that.

So I do not believe in penalizing customers and I believe that we really need to look at it. There was a petition that was going around that was being signed against the online tax and there was an article published in the *Newsday*, it is October 03, 2016, which said 1,901 persons signed the petition. I checked yesterday and 6,071 persons signed the petition against the online tax.

Hon. Imbert: [*Inaudible*]

Sen. M. Ramkissoon: Six hundred thousand? [*Interruption*] Oh, well it is 6,000. I do not know what the hon. Minister—I thought he was saying 600,000. But no, you have to listen to the voice of the citizens because we do not believe in

placarding. I do not support the placarding, I support the e-petitions because this is the modern day and we also see the UK is implementing that system where they have e-petitions that bring pieces of legislation to be amended that affect their citizens to the Parliament, and this is something that is an evolving society. We want to embrace the young people, we cannot X them out because we do not think of e-petitions. This is how we communicate so this is something that I think should hold merit. If it is affecting 6,000, it should definitely be considered and be looked at. [*Desk thumping*]

Now, hon. Minister of Finance, through you, Madam President, it is not too late. The Order, the provisional taxes and also the customs has a clause there that says the President has a remit to remove such tax so at any time you can feel that you want to remove this tax, the Acts provide it for you. So do not feel wary about it, it could happen.

Madam President, I want to speak about something that was brought to my attention by a visitor to our country. It was a foreigner who came for a conference and was asking me if there is anything to deal with fake goods being sold in local businesses, and I was not aware so I asked one of my esteemed senatorial colleagues, and they said there is a Larceny Act that speaks of this. Because what really prevents retailers from selling fake goods, imitation goods, at prices of the real good then, of the true. And I find that it is really not something that we should really be condoning and the customs division should really be red-flagging these imported items that are fake.

Now, in industry, we have to deal with these things where we have substandard materials being brought into our country and because we are labelled as Third World, unfortunately we always expect to have to deal with this. I do not like that response and I really feel we should be taking a more proactive manner or

mechanism into dealing with such and we should not have—because we are Third World or because we are in the Caribbean, that we can sell fake goods at top dollar. So the person is asking do they purchase the fake good and bring it to the police station to find out if they can file a complaint and I am not sure what would really become of this. So these measures are maybe not looked at and maybe have a blind eye so maybe we can look at this going forward into 2017, what mechanism can be in place to prevent and protect our citizens and ensuring we have value for money when we make our purchases locally.

Madam President, I want to, before I close, endorse one of the recommendations put forward by Sen. Mahabir. I really, really have to say this was something that was brought forward to me by some senior citizens, and that is the fireworks licence fee. It is truly something that can benefit the Government as a money or revenue generating idea and it truly would assist persons because you should really have a licence to operate these fireworks. We have children who are playing with these fireworks unsupervised. I think it was for Divali, there were some persons who lost some fingers after playing with the scratch bomb. *[Interruption]* It was the what? *[Interruption]* There was another case. Sorry, Madam President. There were multiple cases of persons being damaged whilst operating these fireworks.

Madam President: Sen. Ramkissoon, just give me a minute, please. Please, do not let me have to get up again to ask for silence while a Member is speaking. Okay? Sen. Ramkissoon, continue.

Sen. M. Ramkissoon: Thank you, Madam President. So the point on the licensing to operate fireworks is definitely a point that has a lot of merit, especially since fireworks is not only for Old Year's. We have it at weddings, there are functions, we have it at Divali, Christmas function. Nowadays, everybody loves

fireworks and they want it. There is no harm in getting a licence to operate such especially since it affects children, it affects senior citizens. These things sound like gunshots and we do not know if it is a gunshot or it is a firework because they throw it on your roof, they throw it to scare. I saw some persons throwing it in people's yard to scare their dogs so they could jump over the fence. So it is looking now as a criminal tool so we should not be allowing these things to just go by unregulated and unaware. So we are now aware of this as a concern; it has been brought forward in the Parliament and I have to endorse this because we definitely need a licence to operate our fireworks, truly.

So, in closing, Madam President, I have brought up two major points that I would like some clarification on and that is in relation to my interpretation of the different Acts that relate to the major Bill that we are looking at, as well as the online tax and the rationale. Is it just a revenue generation tool? Then say so. There are different tools that we can use. I do not see it as being one that is major and needed. Especially if you want, you can amend the customs duty because I do not know what is the difference because it is a miscellaneous tax which also has regulations and different accountabilities and liabilities set up with this, and especially since the online tax is not being implemented fairly because different couriers are interpreting it differently and are making you pay differently.

So, Madam President, as always, we are in the season of Christmas and we have to be aware of our surroundings and these taxes, unfortunately, it is not trickling down properly to the population, so we need to ensure that what we say here is the precedent that we want to set and ensure that all persons can benefit from it. I thank you. [*Desk thumping*]

The Minister of Agriculture, Land and Fisheries (Sen. The Hon. Clarence Rambharat): Madam President, thank you very much for allowing me to join this

debate in which you have allowed a lot of latitude and we have ranged from fireworks to “baby steamers”. [*Laughter*] And let me, from the outset, Sen. Munro is a very good friend of mine. Let me from the outset suggest that what he really meant was baby bottle steamers because I do not think we want a baby to be in a steamer. I know the Minister of Finance has been taking very detailed notes on what is relevant and he will respond but I just want to make a few points relating to what has gone before.

I know the Minister of Finance was very impressed with several parts of Sen. Mahabir’s contribution, and I am sure he would address that in his closing. In relation to Sen. Shrikissoon, I was very surprised about his comments on the use of the bonds, the proceeds of the bonds, for current expenditure. The way the legislation is currently structured, these bonds are redeemable after a maximum period of 12 years. I would not consider them to be long-term bonds.

But the general approach of Sen. Shrikissoon in relation to the use of the proceeds of the bonds and the use of taxation as measures in our current environment was very theoretical. We understand that in a perfect world and in a perfect economy where revenues and expenditure balance, we should not resort to taxation or other impositions on the society, but we are dealing with a completely different environment in Trinidad and Tobago, and that is what underpins, in part, the move towards the bonds and the move towards the laying of this Bill.

The fact is that in our environment, revenues have not matched expenditure and when you look at the speakers and you listen to the speakers on the Opposition side, there is absolutely no reflection on 2010 to 2015. In fact, Sen. Hadeed, it appears as though he had prepared his speech for the budget debate of 2016/2017 and decided to deliver it today with absolutely no reference to the Bill before us but with an examination of the budget that has already been passed and out of

which this Bill arises.

But going back to Sen. Shrikissoon, the reality is that the Minister of Finance will determine the appropriate use of the proceeds of the bonds and the use may very well include current expenditure because in a deficit situation, that is what you do—you go out and you raise funds, as the Minister of Finance has articulated, you raise funds to meet your deficit. I am sure in dealing with the details of the bonds, the Minister of Finance will explain to the country as the bonds are rolled out, the use of it and all the terms and conditions and the details.

I also found it was very disingenuous that Sen. Shrikissoon would reflect on the reduction of the VAT. The Government had promised, during the election campaign, a reduction in VAT from 15 to 12.5 per cent but it was not merely a reduction. What we brought to Parliament was a reduction in the VAT, an expansion of the items upon which VAT was charged and also a commitment to increase the efficiency of collection of the VAT recognizing that there were several leakages in the collection and there were problems in collecting the VAT. So it was not just a reduction, it was a reduction, an increase in the number of items on which VAT was charged and a commitment to improve the efficiency with which we collect the VAT.

Sen. Shrikissoon also suggested the need to incentivize the private sector. But again, providing incentives to the private sector really represents revenues that the Government will forego and we will end up in the same position. Either you are foregoing revenues to incentivize the private sector or you are increasing taxes to increase your revenue to fund your deficit. And either way, it ends up being the same because even in incentivizing the private sector, there is no guarantee that the private sector will produce the returns that you require.

Sen. Hadeed, as I said, surprised me when he, in his contribution,

supported—in fact, encouraged the sale of assets by the Government. In fact, earlier in his contribution, Sen. Wade Mark turned his nose up on that and you know, in his usual way, rang the alarm bells that the Government was coming with sale of assets. Now that is not a secret. In fact, the Minister of Finance has said, as part of the Government's approach to deficit financing in this fiscal year, there will be the offer of sale of state assets, and that is on the cards and it is something I am happy to hear that Sen. Hadeed has supported; and any right-thinking citizen, recognizing the conditions that we have found ourselves in, would support all the revenue generation activities of the Minister of Finance notwithstanding it will create some difficulties across the board from time to time.

So, Madam President, notwithstanding the latitude you have given and notwithstanding the wide-ranging contributions, ultimately this Bill is just six clauses and those six clauses are aimed at amending four pieces of legislation. So the target of this Bill is the Government Savings Bonds Act, the Income Tax Act, Corporation Tax Act and Miscellaneous Taxes Act. It is as simple as that.

The Government Savings Bonds Act, as Sen. Mahabir pointed out, has been with us for a while. It was brought in in 1962 alongside independence and it has not been amended since 1995, and the Minister of Finance, in his budget presentation, articulated as part of what he intends to do, he says he intends to expand the range of savings bonds which are available to the national community and that is what clause 3 sets out to do. In the first instance, it sets out simply to increase the limit on the value of the bonds which can be offered to the public and the intention is to move it from \$300 million to \$2 billion. So that is the first intention with clause 3.

The second intention in relation to clause 4, the Minister of Finance seeks to amend Income Tax Act to implement a two-tier tax system, a two-tier rate, which

will allow him to tax the income of individuals in excess of \$1 million, where the income exceeds \$1 million, to tax every dollar beyond the \$1 million at the rate of 30 per cent instead of the current rate of 25 per cent which means an increase of 5 per cent on every dollar above \$1 million, and that is what he has explained and he has explained throughout. He has explained that this is rooted in the budget presentation for 2016/2017 and he said it is part of sharing the burden of adjustment.

Likewise clause 4, clause 5, in relation to the Corporation Tax Act, will seek to do the same. On profits which exceed \$1 million, the Minister intends to increase the rate from 25 per cent to 30 per cent which means an additional 5 per cent. So it means that on every additional \$1 million in profits, there will be an increase in the tax of \$50,000 and it is that simple. And it is not happening in the way as Sen. Ramkissoon alluded that, you know, it is going to make life in Trinidad unsafe and you would not be able to walk the streets or anything like that. It is simple.

Governments operate in good times and in very difficult times and the ultimate objective of any Minister of Finance is to ensure that his revenues match the expenditure and you can control expenditure and you can reduce your expenditure in the same way. You have to try to increase your revenue and the efficiency of the collection and that is all the Minister of Finance is attempting to do in clauses 4 and 5. Using his power of taxation and in this case, going beyond mere use of the power of taxation, targeting a particular group of income earners who can afford an increase in the tax that is imposed on them, and placing above the \$1 million in profits or the \$1 million in income, an additional 5 per cent burden in relation to the taxation.

7.30 p.m.

And then the very contentious and much discussed clause 6, the online purchase tax. To use Sen. Munro's example of his baby steamer, as he referred to it, if the local price is \$2,500, and he is unwilling or unable or finds it difficult to buy the item at \$2,500 locally, and he goes online to shop as he has done and he sees the item, the same item available online for TT \$400, it simply means that he is now dealing with a price of \$400 plus an additional \$28, which is the 7 per cent—\$428 versus \$2,500. I do not see that as Sen. Ramkissoon alluded to that because of \$28 additional dollars I would be afraid to walk in the dark and I would be scrambling all over to find a parking spot in Port of Spain and my whole life will collapse because I now have the incredible decision to make between \$428 for the baby steamer as Sen. Munro described it or \$2,500.

And, you know, what we are doing is that we are conducting a debate and a discussion without regard to the way in which this country is operating, and without regard to the reality and, more importantly, without regard to how we get here. This is a Minister of Finance in relation to the online tax saying very clearly—he is not saying in his proposal that he intends to raise revenue. He is saying very clearly it is a measure to manage foreign exchange outflows. What you do is that you try various things, and over a period of time he would determine whether this is a good opportunity to increase revenue flows. He would be able to examine over a period of time whether it has worked in relation to its impact on managing foreign exchange outflows and he would make the appropriate decision as he is entitled to as the country's Minister of Finance. But I think it is absolutely unfair to expect that—[*Cellphone rings*]
—one month after or six weeks after the Minister of Finance—[*Interruption*]

Madam President: Wow! This entire sitting has been punctuated with

cellphones ringing, laptops going off. Could we please, at this stage, because everyone is getting tired including me and, therefore, my patience is running out. So the next time a cellphone or a laptop or anything goes off, someone would be leaving the Chamber with said cellphone and laptop. Continue Minister.

Sen. The Hon. C. Rambharat: Thank you, Madam President. So that I think it is unfair to the hon. Minister of Finance to expect that after six weeks or two months of this online tax that he can make an assessment of how it has impacted foreign exchange, his management of foreign exchange outflows; how it has impacted the local manufacturing sector. We have to give this an opportunity. We have to give this a chance. It is small imposition in the context of things, and we have to give it a chance to unfold and he would make the appropriate assessment of it over a period of time.

So, Madam President, the legislation is very simple. In clause 3, the Minister of Finance proposes a new definition of bonds and, essentially, what he is doing in clause 3 is seeking to expand the definition beyond saving bonds by including a Schedule which sets out the different types of bonds—Government Savings Bonds, National Tax Free Savings Bonds, Tax Free Housing Bonds and National Savings Bonds—and that is the chance he proposes in the definition.

He also proposes, as I said before, an increase in the limit and it is very clear. Instead of the current limit of \$300 million, he is proposing a new limit of \$2 billion. Sen. Dhanayshar Mahabir has offered some suggestions in relation to how that could be indexed, so we do not have to come in the future to increase that, and the Minister will address that in his wrapping up.

He also proposes an addition to the existing 8(1), by adding a reference to the Schedule and including granting himself the power to amend the Schedule to the Act by regulations so it does not have to be brought back here. He could in the

future expand the listing of bonds, remove some of the bonds and make the changes that he thinks are appropriate. Of course, it is very clear in answer to Sen. Munro that the additional tax, the 30 per cent, is now applicable to every dollar above \$1 million. I think that that is clear. In clause 6, he is setting out, the Minister is setting out, the details of what constitutes or what attracts this online tax. [*Crosstalk*] I want to make that very clear, it is a tax on profit and it is for every dollar above a million dollars.

Madam President, as I close, I just want to draw reference to two things. The first is that the Minister in laying the Bill has made it clear that this online tax is in respect of individuals, because there was some discussion in the public domain and some concern that small businesses, for example, would be affected by it. He has said that it is for individuals. It is for individuals who purchase consumer items online and, most importantly, it is for individuals who purchase consumer items online imported for personal use. I think that that is very important.

I remember on various times in presenting and in his public discussion on this online tax, he was very clear in saying that, at this time, he has no plans to deal with the barrels which are essentially brought in by sea. He has no intention of dealing with that or taxing that or imposing additional taxes based on the particular cultural environment we operate in and based on the way in which these barrels are sent to Trinidad, imported into Trinidad and used among family members who have relatives living abroad.

So this Bill is very simple. It is six clauses. It impacts four pieces of legislation. It does not aim at destroying family life and making life in Trinidad unsafe. It does not intend to make parking at the malls a problem and, surely, it does not intend for anybody to go online looking for apparatus to steam babies. I

thank you very much, Madam President. [*Desk thumping*]

PROCEDURAL MOTION

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

Madam President, in accordance with Standing Order 14(5), I beg to move that this Senate now continue to sit until the completion of the business at hand.

Question put and agreed to.

FINANCE (NO. 3) BILL, 2016

Sen. Gerald Ramdeen: Thank you very much, Madam President, and it is my pleasure to contribute to this debate with respect to the Finance (No. 3) Bill presented by the Minister of Finance. I always like to follow the Minister of Agriculture, Land and Fisheries, the hon. Sen. Clarence Rambharat, because he always begins his contribution with what took place between 2010 and 2015. It seems as though it is always the practice of the speakers on the other side to have a very convenient memory that is limited only to 2010 to 2015 as to how we have reached where we have reached here today. Fortunately, for me, Madam President, my memory goes a little bit back beyond 2010.

Sen. Rambharat: “Oh God he come with ah script.”

Sen. G. Ramdeen: No, it is not a script. I would like to remind all of the Senators of this honourable Senate and the people of Trinidad and Tobago as to how we reach where we are today. In response to Sen. Rambharat, let me remind Sen. Rambharat that it was under a PNM administration that we ran up a Bill of \$3 billion for a GTL plant [*Desk thumping*] that cannot produce one litre. [*Crosstalk*] I know it bothers you, but I am responding to Sen. Rambharat. Madam President, we must remember that the position that we find ourselves which was raised by the Minister of Finance in his budget debate at page 25, and if I were to quote the Minister of Finance in his budget debate:

“At present, our outstanding public debt stands at \$88.9 billion, compared with \$76.5 billion as at the end of...2015. This figure includes unforeseen and unbudgeted Government guarantees to Petrotrin’s creditors of the order of \$1.7 billion, which were unavoidable in 2016...”

That was the Minister of Finance saying that. [*Desk thumping*] But the reason why this Government in 2016 has to guarantee debts to the tune of \$1.7 billion, and that does not take into consideration the two bullet payments that are coming in 2017 and 2018, is because under a PNM administration, they ran up cost overruns at Petrotrin and almost crashed Petrotrin to the tune of over \$10 billion. [*Desk thumping*] So that is how we got here. We must not forget how we got here.

We must remember that there was a cost overrun at Brian Lara for almost \$800 million, and in the budget documents that were presented by this Minister of Finance for fiscal 2016/2017, we must not forget that we have allocated another \$126 million or Brian Lara so we could have the CPL in 2017. [*Desk thumping*] Let us not forget that.

But, Madam President, the Minister of Finance, this Minister of Finance, signalled very early on in the term of this Government what is going to be their practice, what is going to be their policy with respect to the running of our country and the management of our economy. If we take the tone of the Minister of Finance in December or just about a year ago, you would recall that the Minister of Finance came to this Parliament, and having come to Parliament, amended the External Loans Act, Chap. 71:05 and I quote:

“And whereas it is necessary to borrow further sums of money for the purpose of financing general development in Trinidad and Tobago:

Be it resolved:

That for the purpose of financing general development in

Trinidad and Tobago, the Minister of Finance on behalf of the Government is hereby authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of fifteen thousand million Trinidad and Tobago dollars in any foreign currency.”

That is in Legal Notice 124. That was the extent of the increase in \$15 billion under the External Loans Act.

Legal Notice 212:

“And whereas it is necessary for the Government to borrow further sums of money for the purposes stated in the said section”—this is in relation to the Development Loans Act, Chap. 71:04:

“Be it Resolved:

That for the purposes stated in the said section, the Government is hereby authorized to borrow money externally or internally in a further sum or in further sums not exceeding in the aggregate fifteen thousand million...in the currency of Trinidad and Tobago.”

So, that was \$15 billion.

And by Legal Notice 213 it was resolved:

“That the aggregate amount of borrowings by Companies that are guaranteed by the Government under the Act shall not exceed forty-five thousand million dollars in the currency of Trinidad and Tobago.”

That was to increase the Guarantee of Loans Act, Chap. 71:82, by \$20 billion.

So within three months of coming into Government, this Government had signalled to the people of Trinidad and Tobago that they were going to manage our economy by borrowing—borrowing. In December of last year, one year ago, the Government increased the limit of its borrowing by \$50 billion, give them the

authority to do that.

Now, Madam President, this all becomes very relevant when one considers what we are here to do which is, again, another attempt to increase the authority of the Government. Now, by the Government Savings Bonds to increase—it will be done—from \$300 million to \$2 billion which is giving this Government the authority to borrow another \$1.7 billion. The question that we simply want to ask, Madam President is: what is this money going to be used for?

In the House, in the other place, the Leader of the Opposition asked the question to the Minister of Finance. When you went into the Heritage and Stabilisation Fund, can you tell us what that money was taken out to do? And the answer was given by the Minister of Finance, goods and services for the people of Trinidad and Tobago. Well, we have gotten that answer here again today, but the problem with that answer is simply this. The people of Trinidad and Tobago are still waiting on the goods and services, [*Desk thumping*] because there is no delivery to the people of Trinidad and Tobago.

We can talk here and we can analyze all of the figures and we can talk about all of the borrowings, but the real problem that the country faces today is that having spent \$59 billion in one financial year, the people of Trinidad and Tobago are still asking: what was that money spent on? We have a real problem on this side, Madam President, and the problem that we have on this side is that we seem to have not learnt from our history.

The PNM has a record in this country of wreaking the economy and leaving it for somebody else to fix. [*Desk thumping and crosstalk*] So before 1986 the PNM was in power. They wreck the economy in 1986. The NAR had to come and fix it. [*Desk thumping*] In 2005, the UNC had to fix it, and soon again the UNC will have to fix it again when you all are put out of power [*Desk thumping*]

because it is not going to be a very long time that those that are sitting here are going to be sitting there, and those that are sitting there are going to be sitting here.

[Desk thumping]

We are worried about it, because it is not going to be the Minister of Finance's problem when the IMF comes next March, because when the IMF comes in March of next year for the Article IV consultation and the loans become due, the US \$1 billion that they have boasted about on the road show, the first installment becomes due in March of next year. When that cannot be paid, you cannot go smiling to the IMF in March of next year and tell them you are going to raise gas a fourth time, because they are not going to accept that. The IMF is not going to accept that.

But, Madam President, in the budget debate of this year, in the budget presentation of this year, the Minister of Finance made a very important point, and I want to quote the Minister of Finance. At page 24 of the budget debate, the Minister of Finance said that:

“Indeed, for the first time in four years, because of our prudent”—fiscal—
“management, after our highly successful Roadshow, the Government's cash balance at the Central Bank went into credit in August 2016! However, needless to say, the overdraft is creeping back up again because of the severely depressed revenue situation.”

Now, I am not an economist and I have no qualification in finance as the Minister of Finance, but I do not understand how prudent fiscal management is to borrow money at a higher rate of interest than you are getting from the Central Bank to bring down an overdraft that you have at the Central Bank, but that is prudent financial management PNM style, but that is not the important thing.
[Desk thumping] The important thing is that this budget presentation that was

delivered on September 30, 2016, told us that the Government's cash balance at the Central Bank was in credit. That was three months ago.

When the Minister of Finance wraps up this debate tonight, I want to ask the Minister of Finance if the overdraft at the Central Bank is now in excess of \$8 billion. In three months, \$8 billion in three months. He should confirm because I have confirmed it that after they paid salaries to the Ministry of National Security on Friday, the Government overdraft at the Central Bank is over \$8 billion in three months.

Hon. Imbert: The limit is seven and a half.

Sen. G. Ramdeen: I know the limit is seven and a half, and the reason why I am glad that the Minister of Finance understands that the limit is seven is because he should make reference, because I know he has very limited legal advice, but I would ask the Minister of Finance to refer to section 46 of the Central Bank Act. I want to read into the *Hansard* section 46 of the Central Bank Act:

“The Bank”—meaning the Central Bank—“may make temporary advances to...the Government on such terms and conditions as...may be agreed upon between the bank and the Minister.”

That is the Minister of Finance.

“(2) The total amount of outstanding advances made under this section shall not at any time exceed fifteen per cent of that portion of the estimates of annual revenue of the Government which comprises the sum of total recurrent revenue and capital receipts (exclusive of local and external loans) for the financial year in which the advances were initially made.”

But, Madam President, the most important section is subsection (3).

“(3) All advances granted under this section shall be repaid as soon as possible and, in the event that any advances made in the earlier financial

year remain outstanding in the current financial year, the power of the Bank to make further advances to the Government under this section shall be limited to the amount by which the total amount authorised in the year of the earliest outstanding advance exceeds the unpaid balance thereof.”

And the net effect of all of that, Madam President, is simply this. It may well be that having regard to the level of the Central Bank overdraft that the Government has run up, they are now in breach of section 46 of the Central Bank Act. If that is the position that is a very serious matter that ought to be addressed by the Minister of Finance and the Central Bank. [*Desk thumping and crosstalk*] You see, it might be stupidity to you, but it is not stupidity to the country.

Hon. Imbert: It is nonsense.

Sen. G. Ramdeen: Well, you could say that.

Hon. Imbert: I will.

Sen. G. Ramdeen: This Government has criticized the People’s Partnership Government by taking money out of NGC. They have said it over and over again, and under this PNM administration they have taken more than a billion dollars out of NGC in the last financial year. Now, they have no more money to take for NGC, so where they have gone? TGU. They have called upon TGU to pay \$2.7 billion. TGU has paid that in the last financial year, and now what they are using is that they are using TGU to borrow money for the Government to spend. That is what he is doing, and that is why in answer to an earlier contribution, he said the money is not being borrowed by the Government, and he is right. The Minister of Finance is correct. The money is not being borrowed by the Government. The new scheme is to use all the state enterprises to borrow and borrow and borrow. And when my friend, Dr. Lester Henry was making his contribution—
[*Interruption*]

Sen. Munro: Sen. The Hon.

Sen. G. Ramdeen: Sen. The Hon. Dr. Lester Henry was making his contribution.

Sen. Mark: No, he is not a Minister yet. He wants to be the Minister of Finance, not yet.

Sen. G. Ramdeen: He made a very important statement, how do you raise revenue? Borrow it, borrow it and raise taxes. So that is the policy of this Government. You want to raise revenue, you borrow or you raise taxes. Then the Minister of Finance told us in his budget debate that on the *Draft Estimates of Revenue* for the financial year 2017, we have a figure, at page 54, where the Minister of Finance is going to raise revenue in the sum of \$8.19 billion, and the title of that being raised is extraordinary revenue. No description of how it is going to be done. You have this figure of \$8.19 billion in capital revenue with no explanation as how it is going to happen. So do you know what that is going to do? That is going to join the list of borrowings.

Now, Madam President, the figures of the Minister of Finance is that our public debt stands at \$88.9 billion. In explanation—this is not from any .com you know. The Minister of Finance said:

“The net public debt to GDP ratio, based on the revised GDP, which is now \$30 billion lower than previously estimated (from \$175 billion in 2015 and the previously estimated \$165 billion in 2016, now revised downwards to \$145 billion), now stands at \$60.8 per cent...”

That is the Minister of Finance telling us that the debt to GDP with the revised GDP is \$60.8 million. But when you add the \$8 billion that you have run up the Central Bank overdraft with and you add that to the \$89 billion that you quoted when you delivered it three months ago, it reached \$97 billion. When you add up the borrowings that have been done from September to now, the public of Trinidad

and Tobago should understand that for the first time in the history of our country, the public debt is over \$100 billion. So it is \$100 billion and when you take the percentage of debt to GDP presently you end up at a percentage of 69 per cent.

When you reach March of next year that figure is going to be closer to 75 per cent. So that it is a runaway train of borrowing that this Government has undertaken and whoever comes next is going to have to find the answers as to how you pay it back, because all you are hearing, as this piece of legislation does, is that the one thing the Minister of Finance has done perfectly as a Minister of Finance is to find every opportunity and every way to increase borrowing. He has not missed an opportunity to amend any piece of legislation that can give the Government the opportunity to borrow, but there is not one explanation as to how we are going to pay it back.

So you are running up public debt, debt to GDP is out of whack and what is going to happen is that you are recently finding that the only place you can borrow money now is on the local market, because you cannot go and hold any more roadshow, because when you turn out and you see debt to GDP—because not many people understand, Madam President, when you are a state and you go on an international market to borrow money, you are doing the same thing like when you walk into a bank, you know. The bank checks your assets and your liabilities and your income. When you go as a country, the bank is going to check your assets, your liabilities and your income, and this Government cannot show its face on the international market to borrow any more money because the percentage of debt to GDP is out of whack and, therefore, you have done it.

Basically, by March of next year, this country is simply bankrupt under this PNM administration [*Desk thumping*] and every time a Finance Bill is brought to this House, do you know what we are doing? We are authorizing, you are giving

parliamentary authority for the Government to bankrupt our country, and that is what you are going. How can you come to Parliament every single time—this is the third Finance Bill. It is the fourth set of increase in the limit of borrowing, and you as a responsible Government you have no idea as to now you are going to pay it back.

8.00 p.m.

In 15 months what have we heard from this Government about generating income, apart from selling off state assets? What have you heard? We heard about Dragon. We heard about Dragon, that the Minister in the Office of the Prime Minister is holding a press conference about corruption and is saying the media did not report it properly, because the media was concentrating on how the Prime Minister was dancing. “Sign and wine”, that is what it was. “Sign and wine and doh worry about how the pipeline go be built and who going to pay for it.” Dragon is not going to help us, “because by de time de dragon reach the economy gone”, and that is where we are facing.

You see, Madam President, all of these things, all of these figures and all of these plans are very good, but the man on the street wants to understand how he is going to face Christmas this week. Do you know why? Because it is conventionally the practice that the Government pays salaries to public servants in the week of the 10th in every December. Public servants have not been paid as yet. Some have been paid today, National Security was paid on Friday. Why do they not explain to the people of this country why you are not paying salaries on time?

Look at the plan that this Government has given the people of this country. They have guaranteed a loan of \$500million to the RHAs and a further \$225 million for critically needed medication. I do not know, but the last time I checked the RHAs do not raise any income. So when they guarantee \$725 million to the

RHAs as a loan, what I want to ask is, are we going to be charged when we go into the hospital next year? Because the RHA has to find now \$725 million to pay back, that is guaranteed by this Government, and like I said, I do not know that the RHAs raise income.

Madam President, \$2.5 billion has come out of the Heritage and Stabilisation Fund and they are planning to take out more. But I want to tell the Minister of Finance, we have heard over and over from the Prime Minister, the Minister of Finance that the plan of this Government is to split the fund into heritage and stabilization. What I want to tell the Minister of Finance is that you have taken out the stabilisation, everything left is heritage, so do not go back there and touch that any more. [*Desk thumping*] The reason why they will not split the fund is because they have to go back in and take out of that.

Madam President, over the past few months every single month that salaries become due this Government is trying to find a way to borrow money to pay recurrent expenditure—every single month. That is why every single month public servants cannot get their salaries on time. Pensioners cannot get their pensions on time. I am wondering what is going to be the plan for January, when we reach January, and what is going to be the plan for March? If they default on that loan that they have taken on the road show for that US \$1 billion, do you know what the record of our country is going to be, what the ratings are going to be? They have now come here to get the authority to float on the market bonds to the value of \$2 billion.

I want to warn the people of this country that when this Government puts those bonds on the market, they have to be very careful about investing in any government bonds, because we do not have the resources now as the Partnership had in 2010 to 2015, to bail out the poor people of this country from the fiasco that

occurred under a PNM Government and under a Central Bank Governor while the PNM was in power, who is now an advisor to the Minister of Finance. If we have a repeat of the Clico fiasco with respect to government bonds, there is only one set of people who is going to suffer in this country, it is going to be the poor people of this country. Madam President, \$59billion, \$40 billion in revenue and you borrow \$19billion. The people of this country are still asking, “Where de money gone?” I will tell you about that just now.

But as I stand here to debate this Bill, I want to ask the Minister of Finance to please find—when you get the authority to raise \$2 billion by virtue of government bonds and you raise the bonds, I want to ask and beg the Minister of Finance, because it was reported in the *Guardian* on Wednesday, October 05, 2016, and we understand on this side that with this Government, promises never materialize, but if is one promise that they must keep, and I want to read it into the *Hansard* for this Bill, please Minister of Finance, I want to beg of you to pay the family of Andy Rogers who was 42 and shot dead in Arima on November7, the \$1 million that you promised to pay them. Pay Sergeant Hayden Manwarren, who was 43 and shot dead in the line of duty in San Fernando, the \$1 million that you promised to pay them. Pay Corporal Terrence Abraham, 39, who was shot in Couva and died at the hospital, what you promised to pay them. Pay Corporal Simon Clapham, 47, shot dead in Woodbrook. Prison Officer Damian Bernard 37, stabbed to death in Pointe-a-Pierre. Prison officer Andy Primus 27—27—shot and killed in Morvant on July17. PC Sherman Maynard shot in the prison break, 27. Every one of his relatives is a police officer. He is the nephew of Johnny Abraham. Prison officer David Millette, shot dead at his home in Cipriani Avenue. Special Forces Shervaun Charleau killed in Fort George. PC Russell Ramnarine; prison officer Fitzalbert Victor; PC Anson Benjamin and PC Jason John, and Defence Force

Corporal Jerry Leacock.

You promised to pay the estates of these people. These are people who gave their lives to Trinidad and Tobago, who were killed in the line of duty to protect all of us and the people of Trinidad and Tobago. And you sit there and you spent \$126 million on a stadium to open for the CPL and you have these people who have given their lives to this country, and you would not pay them? [*Interruption*] “You only study legal fees, but it have a question that should have been answered today.”

Madam President: Sen. Ramdeen, address me please.

Sen. G. Ramdeen: As you please, Madam President. You see, the truth bothers the other side, but we cannot come here over and over. We cannot continue to be spending \$40 billion, \$50 billion, \$60 billion and this week the Chamber of Commerce in Couva is telling you that the Couva Police Station does not have vehicles. They have three vehicles. When the murder rate is going close to 500 and you cannot manage that, you cannot manage our economy, and all you do is three things: you borrow, you tax and you sell state assets. So by the time we are back over there, it is our problem to carry, and you all could sit and smile.

Hon. Senator: “Dat not happening.”

Sen. G. Ramdeen: This online tax, that 7 per cent, you hear about it, we talk about it, but sometimes the life experiences that we have really hit home. Sen. Sinanan, the Minister of Works and Infrastructure, was together with me. We were competing against each other in Sangre Grande for the Local Government Election. [*Laughter*] Madam President, I did not ask for your leave, but I have a picture on my phone of a person who was lying on a bed when we went into Sangre Grande. He had no legs and he could not get cancer medication through the C-DAP programme. The only way he could get the medication because AA

Laquis did not have it, he had to bring it in online. Two vials of cancer medication that he could not get through C-DAP cost him \$28,000, and the 7 per cent that was put on that when he had to bring it in online, cost \$2,000 that he did not have.

Those are the real life situations that bring home to us what that 7 per cent does. Because if the UNC was not in Sangre Grande he would have been dead today, because “you cyar depend on de Government to help him”. [*Desk thumping*] When he brought it in online, we had to help him pay the extra \$2,000. How many more people like that are out there today? After you give and guarantee a loan for \$225 million to the RHA, and when you go to any pharmacy now, whether it be from Icacos to Point Fortin, to Diego Martin, to Arima, to Tobago, you go into a pharmacy today and you ask for C-DAP you cannot get C-DAP for diabetes. You cannot get C-DAP for asthma. You cannot get C-DAP for hypertension. You cannot get C-DAP for high blood pressure. But you come here and you spend \$60 billion, and “yuh borrowing and borrowing and borrowing, and de man on de street who simply wants to get his medication cyar get his medication.” [*Desk thumping*]

We cannot continue like this, Madam President. We simply cannot continue like this. We can sit here and debate all through the night, but when this week comes there are going to be people who are hungry and cannot get a meal for Christmas. There are going to be people who cannot put food on their table for Christmas, and those are the people you must remember.

Madam President, Cabinet Minute N0. 1 of 2010 was to establish the Children’s Life Fund. It was the first thing that the People’s Partnership Government did under Kamla Persad-Bissessar, and today the Children’s Life Fund is no more because you have children in this country who are being turned away on a daily basis by this Government. And they boast that they are running

our country in the way it should be run and managing the resources of this country.

Madam President, if there are two sets of people that we should look after in our country are the disabled, the children and the elderly, those three groups. Those are the most important people to us and they should always be the most important people to us. [*Interruption*]

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

Sen. G. Ramdeen: Madam President, thank you.

We are worried on this side, because this Government has demonstrated in 15 months that they have no plan to manage our economy. They have no plan to take us out of the economic times that we find ourselves in, and day after day you have children who cannot get school books. You have citizens who cannot get their medication. You have people losing their jobs and, at the end of the day, it seems as though the policy of the Government is, “how it hang, it swing”. There are people, for whom the level of “sufferation”—to use the word of the Leader of the Opposition at this time—has been unprecedented. It is no joke the kind of suffering that people are going through. At the end of the day you have a Government that simply does not care.

When we reach next year and the dollar is not floating any more, but it is sinking, as it has been doing since September^{7th}, it is all of us to catch, all of us, because we are going to be in a position that is going to be worse than 1986. When the IMF comes for the consultation in March and we realize that the Minister of Finance is no longer calling the shots, and the elite, the small group that has been calling the shots for the last 15 months, are no longer pulling the strings, but the real puppet master is going to be the IMF, we will be in a position that we all regret. So we have the opportunity now to stop, pause for a cause. Look at what you are doing to our economy, look at where we have gone to in 15 months, and

make a change, because you are managing an economy not for us only, but you are managing an economy for our children. You are managing an economy so that when tomorrow comes our children can live comfortably, can be safe and can be comfortable.

This Government, for the time that they remain there, they hold the heritage of our country and the future of our children on trust, and that is not something that they should take lightly because we will not be forgiven whether it be us or them when tomorrow comes and we end up in a position like back in 1986. For those of us who can remember, we have a diaspora in North America because in 1986 people left this country in droves and we do not want that to happen again. We do not want to continue to be prisoners in our homes under an administration that cannot control the crime problem. We have enough resources in the this country to make it right, and with the right decisions we can get it right, but this Government has shown that they are not the right government to do it for us.

Thank you, Madam President.

Sen. Stephen Creese: Thank you, Madam President. As I rise to speak on this Bill, an Act to provide for the variation of certain duties and taxes and to introduce provisions of a fiscal nature and for other related matters, essentially I want to argue that there are four players in this game. The first is, of course, the State, the second is the old money holders, the third I refer to as the new money seekers and the fourth the service providers of our country. These groups, including the State, are not mutually exclusive.

But before going into those four groups and the role I think they are playing and should play, I want to take the opportunity to remark on a comment from Sen. Shrikissoo when he said, and I quote, “I am not sure that these measures will deliver us”. I think he was referring to the measures outlined in this Bill. I am sure

that they will not, unlike him. They may be necessary, I do not doubt that, but they are not sufficient. This brings me, of course, to Sen. Dookie's contribution and the question of the need for behaviour change. He is correct, it is about the need for behaviour change. To me that goes to the core of this issue, and whether the measures proposed are fundamental. My contention is that they are largely superficial fiscal measures, fiscal initiatives.

Sen. Dookie's somewhat erroneous notion about the need for change and that these measures, particularly the tax on online purchases, would stem forex leakage. That, in the context of the history of Trinidad, the history of the Caribbean, borders partially on the naive. Leakage, the manipulation of money in and around the Caribbean, in and around the metropole, the North Atlantic, has been an art which our entrepreneurial class has mastered 400-plus years ago. As I like to say here they smuggled and grumbled and grumbled and smuggled and played games with all the various metropolitan "mother countries". They have mastered that art a long time ago. They moved money around long before the current day multinationals had made transfers pricing a trick of their trade. So that to suggest that online tax would deal with forex leakage, that is really an idle thought.

What the online tax does, however, it recognizes the increasing gap between the official exchange rate and the effective rate; what is happening on the streets as opposed to what is happening in the corridors of the bank. So the question of the management of the foreign exchange rate comes up, whether one wants to float it, the way I think it was Prime Minister Manning had encouraged at one stage. These are the issues we need to grapple with, and the essentials of this Bill really are in another ballpark, a lesser ballpark. It is like playing cricket in the USA. It is like playing volley ball in Trinidad. On a Sunday evening and a public holiday if

you are a sports entrepreneur, volley ball or cricket, volley ball or football—I think we all get the picture.

So that the six-point something exchange rate at the bank, compare that to the \$7 posted in the groceries off Charlotte Street and those other places that change money for you, that are not licensed cambios, and then the eight-point something to \$10 at the First Cedros bank. I think we all know the First Cedros bank. Since the old days of Black & White Scotch Whiskey at the first Cedros bar, it has graduated now to the First Cedros Bank, and I do not need to tell you the commodity that they now trade in—double dog is really old hat. So that is the range of the TT dollar compared to the US dollar.

Madam President, I have to be blunt. I think the country really does not appreciate the state that our economy is in. We have fears, but we are unwilling to stare them in the face. I think the problem has to do with our education. In that sense we are in a crisis, and the crisis is stimulated by the quality of education that we have had, what has been on our curriculum. I sat here tonight and what hit me in the face as I listened to our learned economists, high level economists—we are blessed, we are fortunate to have three of our colleagues that are high level economists. You know when they had announced that hon. Colm Imbert was going to be the Finance Minister, I said, “Perhaps a breath of fresh air from all the learned economists”. We have Sen. Dr. Mahabir, we have Sen. Dr. Henry and we have Sen. Munroe. I know why I am leaving out one. Sometimes I think that we have to unlearn or forget all we have learnt, and in that regard Sparrow was right.

I think if I can quote him correctly—the Minister of Finance has chastised me for mixing up calypsonians’ quotes already, but I think it is Sparrow who said that Cutteridge made a cow jump over the moon. That Twirly and Twisty were two screws and that Mr. Mike rode to school on a bike. He went on to say, and I

quote, “If I learn all that I would have been a damn fool”. So is it about unlearning? Is it about learning to see the acquisition of vision? I think it was CLR who said it is all about a way of seeing. If we are to have victory at the rendezvous or a rendezvous with victory, then we have to learn to see differently, and in that context perhaps it becomes real that the blind could lead us. Not that I am contending that I have that kind of vision, although I had cataract surgery in both eyes, so in that regard I have a handicap.

But much of what the Minister of Finance had to say suggest there is a blinkered viewpoint, and in that sense the blinkers need to be removed, otherwise we are all going to run on that narrow track and miss the wide open field. You know the old saying about the forest for the trees or the trees for the forest? So we have to unlearn, and in the context of unlearning, we need to say goodbye to monoculture once and for all. We need to have the guts and the courage to do that. We need to say goodbye to the old open petroleum economy which has taken us from the 1960s or the 1950s, or whatever period in the early 20th Century, to the close of the century. We really need to say goodbye to what is essentially the old plantation economy system.

That is the trap, that is the unlearning that we have to engage in, otherwise we will forever be seduced by monoculture, in this case, oil. It used to be sugar; it was cocoa at one stage when the French émigrés were encouraged in. But we have got stuck in the habits of monoculture, the old plantation economy. So much so that at times we do not even know who we are. We had a classic example recently of a debate about who we are and not knowing who we are, and not seeing ourselves clearly, with comments about de Verteuil’s analysis of the society and whether we were a developed slave society. No, Trinidad never got to that stage. She is correct in that regard, but she is wrong in terms of who we are, because you

see Trinidad is largely a migrant society. So the East Indians came in eighteen something, and the Chinese came somewhere before and even more recently than that in waves between the 1980s, 1990s and all now.

8.30 p.m.

And the Africans came with the early attempts at slavery. They came with the immigraves who brought their slaves and so on, the French immigraves, but they also migrated in droves before and during the oil boom and various stages of the oil boom. My name, for instance, is a Vincentian plantation name, slave name. So there are thousands of Vincentians and Grenadians and Bajans and so on and Guyanese of late too who have all come here.

So the question about having a slave past and a plantation economy past is valid because when people migrate, they migrate with their mores, with their norms and their values. So we have to understand we are in a migrant society, those people brought those things here.

But the point of all of that is, at the end of the day we are all accustomed to the plantation model, who or whatever we are, that is the dominant model into which we have all come. And therefore, we all have a problem in busting loose, but we need to. It is critical that we do that than continue to perpetuate what clearly is not working for us.

So the issue then is diversification and the more we postpone it, the more we hold on to the old sugar thing, and perhaps one of the greatest revolution is our time,—so for those who think I am rabid anti-PNM—would have been Patrick Manning and the courage of his conviction in kissing the old Tate & Lyle, Caroni (1975), call it what you will, packing up shop and shutting that down rather than continue to subsidize the old order, the old decadent, the old outlived-its-time order, recognizing that sugar, the sugar industry was anachronistic, dusting it off

and moving on. And the time has come to realize, and in simple business in our entrepreneurial past, recognize it.

I remember growing up billiards was the game they played in a certain circle in the oil sector, in the upper-crust clubs and so on, and then snooker came on the scene and it was there in all the bars. Sometimes the bars did not have the room, half the table was outside on the pavement. And there was a wave, and that is our problem and that is the aspect of the economics that we do not learn. We learn all the rigid formulas, but we do not learn the cycles, the boom and bust thing.

So a lot of people got in on that snooker-table thing, pool-table thing at the late end of the curve when it was about—when it had plateaued and about to dive. And that is the problem with our approach to the national economy. We have to assess where we are in the world oil economy and whether or not the big multinationals really have taken over, and taken over to the extent that they manipulate it. They give it the illusion of sustainability so that they could milk it to the last until they are ready to move onto the next industrial sector and ride the curve and they leave us holding the baggage.

And if we do not intend to be hewers of wood and drawers of water in perpetuity, we have to learn to read the curve, see where it is plateauing and get off, cut our losses and move on. It is a dead industry and if we do not buy that, well take a bet on what Donald Trump is about to do with shale oil and related production, and we are pawns in that game. And if we are about at this stage to take the bulk of our investment and trust in that direction, as they say, “crapaud smoke yuh pipe”. If that is the new national vision then we are in more trouble than I thought.

You see, Bob Marley was right, eh. They take the chains off your body and now it is on your mind, off your body and onto your mind. It is onto your mind

because, you see, we are in IT age and what we have to understand in the IT age, it is about information, the management of information, the control of information, the manipulation of information, and in that sense we have to learn to see and in seeing, seeing through the mores, through the fog, through the funniness of the time, we have to begin to assess how we are to become masters of our own destiny. And I am saying that the fiscal initiatives that are outlined in this Bill are really in the volleyball court, with the dominant sport in the Caribbean, is somewhere between cricket and football. We are way off base.

So arguing about—fiddling, we are really fiddling with the levers, the minor levers, and the people driving the power jets are off in another place and they are really bemused by us because we are not in the ballpark, we are not even in the game. And that is really the nature of our challenge. This is the information age. It started off with what is the movie?—*Sex, Lies and Videotape* and it has gone on now to terms like information, misinformation, misspeak, misspoke. It used to be in the cold war propaganda that was an introduction of the information age and now the latest is the “fake news”. The bottom line in all of this, this is the information age so the terms and phrases and so on, the slogans and so on will all revolve around information concepts.

So, we need to clear the cobwebs and we need to take another look at where we are and whether we are being caught up in old fiscal measures from the last century when we need to leave those measures in the last century and begin to plot a course as to where our national economy is going to be in this century, because this century has begun, we are 16 years into it and we are still fiddling with the levers at that largely obsolete plant at Pointe-a-Pierre.

It was obsolete declared by former Minister McLeod about 20 years ago as being part of an obsolete and anachronistic arrangement. And he went silent when

he went into Cabinet about that, and we are still making Petrotrin a flagship? Somebody is crazy. But that is the problem with the old order and the new. The old order always tries to perpetuate itself, defends its existence and the new order has to recognize that and confide them, consign them to the past and begin to build feverishly towards the new.

So, I am saying that new arrangement there are four key players: first of course, is the State; the second is the old money; the third is the new money seekers and fourth is the service providers, and these groups, this grouping, this schemer is not mutually exclusive.

The State, we have to see the State as regulator. In its first primary role as regulator and we have to say to the State what we want it to regulate, and we have to get the State to play with the new concepts of democracy. Because the State evolving out of the old colonial arrangement is still carrying some of that baggage.

I will give you a classic example. The State as regulator. So the State as regulator is the National Lotteries Control Board. Right? But they run the lottery. In the modern concept a separation of powers, the regulator cannot be running the lottery. He is presiding over his competition. He is outlawing his competition. State as regulator cannot, NLCB—[*Interruption*]

Madam President: Sen. Creese, your presentation is extremely informative and is giving a historical, very interesting context, but at this stage I need to ask you to try to marry what you are presenting with what is before the Chamber, the Finance Bill. But I will ask you, please, to link what you are presenting to what is before the Chamber.

Sen. S. Creese: Thank you, Madam President. So the State as regulator has the responsibility—the State then in its role as pioneer, and the question came up about whether we will sell the crown jewels, whether we will sell the assets as part of a

mechanism or as an alternative to the tax schedules that are proposed in this Bill. And I am one of those who say, that cannot happen in isolation. Not that I am not necessarily for or against the State selling any of its assets, but it must be in context. And it must be in context of the role of the State as developer, as alternative developer if local capital formation is unable to make the quantum leap or the State is unable to attract foreign capital accumulations to come to develop certain sectors of the economy. So in that capacity, the State then would pioneer certain industries.

But there must be a grounding founding philosophy which will then deal with the question of whether assets can or at what stage they will be disposed. So that if the philosophy on which their entry into any particular sector is based on the concept that, listen, we cannot raise the money locally or foreign to get this sector going and we will move in. But the philosophy must be that once we get it to a viable stage then there will be a transfer of ownership and we will take the proceeds from that transfer to get into another sector which is crying for development and it is not finding investors. So that is the philosophy which must guide any sale of assets.

And if we recognize that the concept of Corporation Sole therefore, in that context is about holding on behalf, holding in trust for the wider public, then we have to be careful that the Corporation Sole does not get involved to the arrogance of power and lose sight of the fact that he is a representative and not the actual owner, he represents the ownership and must go to them for direction and not the other way around. And that is part of our problem, our colonial heritage of inheriting that perspective on power and who is the boss: the people or the occupants of places like these.

And therefore then we move onto to the old money holders. The State has to

sit down with the old rich and discuss how this transition is about to take place. It cannot wage war on its own citizens. So it has to have a discourse on how they will transition out of, because these tax measures we are proposing here, as I said, it may be necessary, but they are not sufficient to transform the national economy. They are aids in a process, but they are not the process itself. That must be clear. And if it is not, then we are running down full speed, but on the wrong track. We are cutting across the ground and the strip is on the side and we have to recognize that their art and their skill are largely in distribution. But that is not a sin, eh. Whatever you manufacture or whatever you make you have to get it to the marketplace. So distribution is an art and it is a skill and we have get all the horses on the right track. So we have to find a way for those with that skill, that expertise in distribution to do their magic.

And the question of the new money seekers, the new entrepreneurs, those people bursting at the seams, those people on the Penal/Debe stretch, huge buildings on either side of the road, we have to make a place for them. But we have to get them out of the foreign exchange consumption mode and turn inward, locally, to the creation of produce and we have to bring them together with our farmers.

You see, there are lots of creative things that we can do and we have to recognize that inside all of that there is the credit union movement that the State has not engaged seriously and does not seem to have the willingness or the capacity to invite them in, to make them serious partner. We keep our eyes abroad. And I will tell you, one of the ironies of this situation is that there is this talk about excess liquidity in the banking system. And I keep saying there is excess liquidity in the banking system because the State is putting money there. Every month the State puts that money there because the State insists that all its employees have a

bank account. The State insists, and it is a fact, that all the retirees present a bank account, unlike national insurance where you can submit your credit union accounts and have your pension sent there. But I see some other pension that is \$3,000. The larger pension that all the public servants get, and we are an aging society so there are many of them like me, 60 plus and 70 plus and living still. All that money goes into the banking system. There is excess liquidity, so they are paying you nothing for your savings.

And that money can be channelled elsewhere to more creative zones in the economy, and the credit union zone is one such. There are some 500,000 to 600,000 credit union accounts, you know, that means whether you like it or not, there are more people with credit unions accounts than bank accounts. But the State refuses, latches onto the old order and is unable to take the blinkers off, and that is part of the problem. So it is the management of the whole system, the monetary system that has us in this bind.

And then the question of service providers, the fourth group. The State's failure with regard to this group is to see them as budding entrepreneurs in all their various forms, whether construction service providers, whether masquerade service providers, hotel service providers. I see the hotel association is complaining that the State does not have a serious national advertising thrust abroad to deal with tourism. And I am saying that our biggest tourism product is the mas and the State has failed to see it as an export-oriented product.

Our challenge at this stage is to export the mas. To create masquerade cities, models of Port of Spain all over the world with ourselves as the exclusive providers. It is in essence what Jamaica has done with reggae and with its sport. One of the interesting things at the last Olympics is that you were looking at a race and there was a series of people, clearly of African descent, but the country for

which they are running have no relationship except for one, I think, with Africa.

Madam President: Sen. Creese, you have five minutes.

Sen. S. Creese: And you know, that was the irony, but the thing is this: Jamaica is exporting reggae and they are exporting athletes and the fellas want to be in the Olympics, they have the talent to be there, but they could only have four people on the team for the 100 yards or the 200 yards, so they find themselves in another country so they could be in the Olympics. And it was not fellas alone, girls too. The bottom line is, they are clear on what business they are in. They are in the business of athletics and getting to the World Cup and getting endorsements and so on and they are doing what they have to do, that is the business they are in.

And if we are in the business of Carnival, how long will we go on this way? How long will our vision be limited to the “drag”, to up and down Queen’s Park Savannah? When will we begin to see that exportation of mas, exportation of the Carnival arts, soca, chutney, tassa, the whole range of things that happen around Carnival time, that exportation of these to other zones is what we ought to be about? The State ought to be creating symbiotic relationships with citizens. Our Embassies ought to be centres of promotion of that. Our Ministers of trade have to be about that. That is what we have to trade. Nothing else, to be quite frank. But yet we do not have that vision. The blinkers are on and we are running on the narrow track and there is this wide open field.

So the export of services and service-related activity, and you see, the backdrop for all of this is the whole foreign exchange issue and the need for foreign exchange and the problems we are having. And I want to add one other element to this. And the other element is that we are missing out on an opportunity while we still could muster the money to sustain CEPEP and URP. We keep missing out of an opportunity to place these people in more critical zones

of the economy, to put them on the farms and so on, who are struggling to hire labour, because you are competing with the construction centre where a labourer gets \$225 to \$275 to \$300 to \$350 a day. No farmer could pay that, so therefore, farm produce prices at a certain level and the consequence is, everybody else has to import. So we are shooting ourselves in the feet.

The time has come if we are to deal with that Forex problem, to deal with the foreign exchange, to deal with the food production problem, to deal with redirecting the economy and diversification, I am saying we have to bite the bullet and decide on the question of what is the value of the TT dollar and how we will manage its valuation.

The time has come for the Government to reside a greater confidence in the resilience and the creativity of our people. I thank you, Madam President. [*Desk thumping*]

Sen. Rodger Samuel: Madam President, I too am thankful for the opportunity to be part of this debate, this third finance measure an “Act to provide for the variation of certain duties and taxes and to introduce provisions of a fiscal nature and for related matters”.

But, Madam President, after I received your greetings and well wishes for Christmas and also that of the Vice-President, I thought that the session was over. I did not think that after such wonderful greetings from you and the Vice-President for Christmas I would have been seeing you again, you know, so quickly. But I too want to return the wonderful greetings and the well wishes from both of you, both you and the Vice-President, for the Christmas and for the New Year.

But, Madam President, the words that can describe the Minister of Finance over the last year and three or four months, the phrase that sticks and stands out tremendously, the thing that describes his performance and how people see him is

the phrase, increase. He has been, the Minister of Finance that has since taken office, increased everything except increase revenue-earning measures for Trinidad and Tobago.

As a matter of fact, Madam President, this society has been faced with so many increases that the average citizen at the lower income bracket continues to struggle because for the last 13 or 14 months their earnings have not increased, but their expenditure has, and it has increased significantly. If you, for some reason, are part of the commuting traffic, people who take the taxis and the maxi taxis to work, you would recognize that in the last 13 or 14 months maxi taxi fares have increased significantly. If you were to journey from Arima to town you would realize that you pay two fares, you are paying half times more to get to where you go.

Increases in bank charges are enormous. As a matter of fact, Madam President, if you have less than \$50,000 in the bank, every month \$25 comes out. And it means that the average citizen that may not have \$50,000 in the bank, every month it is being affected because they now must lose \$25 every month and still have to pay all of the other bank charges. If you go to the teller you have to pay for withdrawing.

So the poor in the society, and, as a matter, Madam President, when we look at the statistics of the people who are earning below \$1,000 a month, it is significant. And it means that the poor of the society are not benefiting from the measures imposed upon the society in Trinidad and Tobago.

9.00 p.m.

Madam President, and I say that knowing that we as a nation are facing adverse economic problems. But, there are no reliefs when it comes to the poor of the society in any significant way. We have significantly reduced the social

services that sort of acted as a buffer to many of the people that are less fortunate in our society. And, as a result of that, with an increasing crime and murder rate in the country, people are living scared and scared from the standpoint, not only of the crime situation, but they do not know what is going to happen in the not too distant future. We have had several increases at the pump, and jovially and jokingly the Minister of Finance had to apologize, because of a jovial way of applying more pressure to the society when he made a—I do not know if it was a joke or a serious statement, that the people did not act up, so I may just increase it again.

Small businesses are also struggling, because we have increased the Green Fund levy, we have increased business levy, and that is non-refundable, and now we are saying to the same people who are struggling to manage their affairs that they must now pay taxes on anything over a certain amount of profits. And it is not a strange thing that Senators could stand here, and even the Minister of Finance, and compare the taxation rates with other First World nations, and talk about in the US and in other nations it is this and that and we are looking good. But what we fail to do is compare the kind of essential and social services, and the transportation services, and all the other amenities that these people benefit from. We fail to do that. We will only compare taxation. But, I must say, Madam President, that if I am expected to pay more, then I must expect more. Then my standard of living must increase if we are spending more money because of taxation on anything. It means that I must feel safer in my own village. It is important for us to know that.

So, Madam President, if people are not feeling safer while we are spending more, while we are taxing more, while we are paying more, then what we are creating is a chaotic society, because people would become so frustrated that soon

if we are not careful, what the Minister was jovially, jokingly talking about, may just become a reality. Madam President, it should be noted that if you are going to tax me more, and I said it just now, my expectations are greater. If Government is going to tax me more, if they are going to raise the cost of fuel, then I expect a better transportation system, I expect better roads. I expect it. If you are going to tax me more, I am going to pay more on previously non-VATable items, I expect better distribution, I expect things to be far more available. If I am paying health surcharge I expect that the nation provides medication when we need it, because we are paying for it.

You know people feel that the facilities, and the hospitals, and the health facilities that we offer in Trinidad are free. We are paying health surcharge. And if I am paying for something, I want something in return, and it has to be good. [*Desk thumping*] And if it is not good, then the nation needs to rise up and demand better, and I am encouraging the nation to rise up and demand better. I am standing as an individual and saying that the facilities that we are paying for, we are paying surcharge Sen. Mark, and if we are doing it we want more. And it cannot be that people are struggling for basic medications and we are paying health surcharge. If we are paying VAT on items that were not VATable before, then we expect far better service.

Madam President, business levy, Green Fund, all these things are up. But you know something, they are up but we are not getting better services even when we go to government departments. Sometimes you go to government departments and they treat you like dog. Madam President, to get some simple services they treat you like dog. And if we are to pay more, then this society must demand betterment. And let me tell you, Madam President, we have been a very tolerant kind of society, and the time has come for the society to say, here what is going on,

if we are paying more, we are taxed more, then we expect the best.

So, Madam President, I question the mechanism of taxation in the country, because you are taxed when you earn it, you are taxed tremendously when you spend it, you are taxed when you save it. I mean, and now there is another little thing, and I heard Sen. Dookie talk about the purpose of the taxes, because when people shop online they sort of overspend and buy things that they do not want. That is not true. People shop online because they can get it cheaper. Because they can get it cheaper. And, as a matter of fact, I am not talking about just cheaper, tremendously cheaper, and better quality. And, if it is anything that should happen is that the quality that is produced in this country or the quality that is offered—

Madam President, I had a problem some time ago, and somebody brought it up, I bought an appliance from a particular departmental store in Trinidad and Tobago and something went wrong with it, so I called the store and they did not have the part, so I was referred to an agent who dealt with that type of appliance. And I went there and the agent says, “You will have to get the model number and the serial number”. So, I called home, got the model number and the serial number, and when I presented it to the guy he started to laugh, because they were the bona fide agents. And he says, “That is an imitation from South America”. And somebody brought out the idea that people are bringing in stuff that is not good in the country. It was an imitation that is being sold as the brand, and it was an imitation, it was not the real stuff, so the real part could not fit on that. And those are the kind of things why a person would probably go online and buy it, because they will get the right stuff, and they will get the genuine stuff.

And those are the kinds of things, Madam President, that we have to face in this country every day. Every day and every period since this Government has come into office things have increased significantly. And the poor is not

accommodated. And while things are increasing there is something else that is also increasing. It is not just taxation Sen. Mark. But the rate of borrowing is increasing significantly likewise. But, if you are borrowing more, then you are accountable more, and it means that when questions are asked you must give answers and not just snob people, not just tell people, "I eh answering that, I eh taking on that". Because, if you are borrowing more, it means that the society is expected to pay more. The pay back is on the backs and the shoulder of the society, and that means that the society should have the right to question your plans and your programmes. And, if sometimes you question and you are snubbed, and it is important for us to see that.

Madam President, but if you are borrowing more it means you are spending more. I want us to take note of that. If you are spending more, then the society should be expecting more benefits, and for the last year and three or four months we have not seen more benefits coming to us as a society, but we are spending more, we are borrowing more, we are taxing more, we are raising things more, but there are no more benefits to the society. So I am quite concerned about that. One small businessman came to me, and he said to me that they are just recovering from the business levy and the Green Fund situation. They are just recovering, they sort of breaking kind of even now. And, Madam President, to a small businessman a million dollars is nothing—really, no, to a small businessman who is doing, a million dollar profit is nothing. But what happens is that a lot of these small business people when they employ people, the people become kind of family, so they treat them well, sometimes they treat them better than big business, because they have to keep them employed. So, they have to be on top of their game with them, they create a family unit within their business place. Small business has to do that or else they lose them.

So, this invest more in their staff. They have functions for them, they do quite a bit as stuff for them, and this small businessman said to me, “wow, more pressure again, how could I continue to afford this and still keep the staff the way I keep my staff as a family, because it is more pressure again”. And regardless of how we talk about taxing big business and people who are making millions, Madam President, it has a domino effect, and what happens, regardless to where the taxations are placed it is the poor man that feels it, because the big business will always find a way to ensure that the man on the street and the poor people who are buying and who are acquiring their services it triggers down to them. So, regardless of how we feel and say, “Well, people complained about the poor man being taxed so ah taxing the big now”. Regardless of who, if you tax the big, the poor will feel it because they have to pay for it, and it is important for us to see that.

And, Madam President, while we are on the taxation situation, the online tax needs to be absolutely cleared up in the minds of the society. That is what I am asking the Minister of Finance to do. And the reason for this is that it is called an online tax, but to the average person it is an air freight tax. Somebody came to me and said that their family bought something for them, sent it through one of the couriers to Trinidad and Tobago—an American citizen bought it for them, sent it through one of the couriers here to Trinidad and Tobago and they were taxed on it, and that was not an online purchase, it was somebody sending a gift to this family and they were taxed the 7 per cent. So, the Minister of Finance needs to get the fine print right and ensure that there is some mechanism to determine the difference, and that is not in place. It is not in place since it was implemented, since the Minister of Finance read his budget, it is not in place now, and it appears that it may not be in place at all.

So, really it is an air freight tax and not necessarily an online tax. It is not necessarily an online tax, and I am quite concerned about that, because quite a number of people received things through air freight as gifts, and as tokens, and as different things, and then find themselves paying the 7 per cent extra when it should not. And one of the online services clarified to me how the tax is implemented, and I just wanted to deal with it just a moment. Because, something that cost you \$100—before there was an online purchase, well, it is misrepresented as an online purchase, it is really an air freight tax. It does not matter if you get it free, if you buy it online, what you do, you are paying the tax for it, but if something was costing \$100 value, the CIF value is \$100, before this tax was implemented you would have paid 20 per cent duty, you would have paid, then it was 15 per cent VAT, no, 12½ per cent VAT, which was another \$15, and the total of that thing extra would have been, you would have paid about \$135. With the new system, with the new so-called air freight tax under the disguise of an online tax, you pay the \$100, it is \$7 you pay for the OPT, and then you pay \$20, and then VAT is added to that which is another \$15.88, which increases it to \$42.88. So, really what you are paying is \$142.88. That is how it is now

So, while you would have paid \$135, you are now paying \$142.88. And that is how it is being arranged, and the Minister of Finance stood in his budget and said it is online, and yet there was nothing put in place to now determine: what does he mean by online? I am certain that the Minister knows online is, and I am scared to believe that he does not know. Because, to say it is online when it is an air freight tax is really misleading. It is really something that the Minister of Finance needs to be very careful about. And I am very, very concerned about that, because the society is quite conscious and concerned as to how it is being applied. People have come to me saying, “But, this was a gift”, you they had to pay. So, it

is not online. Okay, Madam President? And I am asking the Minister of Finance to look into it seriously so it can be clarified as to what is online as opposed to what is not.

Madam President, I want to talk about the saving bonds, but I want to talk about the saving bonds not from the standpoint that—we know for a fact that the saving bonds is really another means of the Government borrowing money to spend again. We know that. We know that it increases their borrowing, we know that it increases their expenditure, we know for a fact, Madam President, that with that they have to pay back, and they would have to pay back with interest because they are borrowing to give with interest. Okay, they are actually borrowing, promising people an interest. It means that they have to find money now to deal with it however they are going to reinvest. And, I am wondering if there is some reinvestment mechanism, because normally when you borrow there must be some kind of reinvestment to cover what you borrow with interest.

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

Sen. R. Samuel: And if you were just borrowing money just to pay bills then there is no reinvestment and, you know, Mr. Vice-President—[*Mr. Vice-President salutes*]*—Thank you. [Laughs]* We have had this situation where in many instances we are borrowing just to spend, borrowing to pay bills, and here it is we are going to offer government saving bonds to a society, but there is no plan to reinvest this finance so that there can be some revenue-earning mechanism out of the reinvestment.

I heard the Minister of Finance when somebody asked— Sen. Shrikissoon—what it is to be used for. To service Trinidad and Tobago. [*Laughter*] I mean, we are living in a modern society, we are living in a society where information is important, and that is the kind of answer we get from our learned hon. Minister of

Finance. That is an insult to the society. That is an insult to all of us that sit here. That is degrading this House, to just say that it is to be used to service Trinidad and Tobago, and if you ask serious questions people are angry. Mr. Vice-President, we cannot and we must not tolerate that. We must not accept statements like that as a society. The society must not accept statements like that, it is just to service.

Sen. Ramdeen: But what is the service?

Sen. R. Samuel: He does not know, and probably he has no plan, he has no ideas, and probably he now has to go and rethink and revisit all that he has been talking about.

Mr. Vice-President, there is an old biblical adage that says, “God gives seed for sowing and bread for food”. That is an old biblical adage. In other words, whatever you get part of it is to sow and part of it is to eat. The problem with many people is that they eat what they should sow and eat what they have to eat. So, at the end of the day they have made no investments for the future.

And, what I am hearing from the Minister of Finance is that there is no seed for sowing out of all of this talk, it is just bread for food. In other words, there are no investments, no ideas of investments for the nation, and the longer we continue like this, the worse this nation will get. And if we feel today that the crime rate is what it is, Mr. Vice-President, let things get worse. There is a mentality in this nation. I sit on the streets, I go on the blocks, I sit with disgruntled young people, and we try to counsel them and talk with them. I visit our centres of incarceration, and I can tell you—you know, one person reminded me that he was reading the papers and the question was asked, has the shortage of US dollars affected you? The young man says: “It eh ha nuten to do with the shortage of US dollars, is de shortage of TT dollars, because I eh ha no wok”. In other words, “I eh have not TT dollars so shortage of US dollars does not affect me”. And it is bad. It is bad. It is

bad, Mr. Vice-President.

So, when it comes to the saving bonds, I am hoping that the Minister of Finance, in order to encourage people at the lower echelons of the society to save, that a percentage of the saving bonds would be set aside for people below a certain bracket, and it will encourage people to save. Because, let me tell you something, the big fish will swallow it up. And if we can categorize it and put a certain category, a certain percentage so that people within a certain financial bracket, within a certain salary bracket could purchase bonds for future, for their children, for whatever, then, to me that will go a long way. And, I think the Minister of Finance should think about something like that to encourage the people that are at the lower income bracket to save. Because all they do—there are people that are almost living hand-to-mouth, their earnings just take them to the max where they have to get pay. And if for some reason their pay is delayed they are in trouble.

I can tell you about parents, Mr. Vice-President, they have three and four children that have to travel on maxi-taxis to school every day, and their daily budget is \$300, \$400, \$500 because of where their child commutes. It is tough. Their monthly budget is high, so they live hand-to-mouth. They live on pay check to pay check, there is nothing else. And if we are talking about bettering our society and talking about things, but if you are taxing me more than why is not the transportation system getting better. In foreign countries they tax, but the system is better. I can jump on a bus in Flatbush and then get a transfer to a train, I do not have to pay again. As long as I do it within two hours of exiting the bus, I have a transfer, and it is on time. They say every 10 minutes there is a schedule and you know when it is coming. I do not even know when the PTSC is going to pass. You do not know. Sen. Hon. Kazim, you do not know.

So, if we are going to ask for more, if we are going to ask for more from the

society, if we are going to bleed them more, if we are going to pressure them more, if we put more load on their shoulders at least give them some things in return that will ease the pressure. When they go out there they must be able to get transportation. When they go out there they should be able to get a PTSC bus, and it should be convenient, and they do not have to stand up there for hours. And, then, furthermore, well, you know the traffic congestion that is going on. Frustration, Mr. Vice-President.

So, I am asking the Minister of Finance that in his saving bonds situation that a percentage of the saving bonds be set aside for people at a lower income bracket. And that is an incentive for them to save, and then offer them some kind of incentive to save. Yes, you would get the money, because you are borrowing, but offer them because it will benefit them and their children in 10 years, in 12 years, and they can use those bonds as part of the redeemable bonds for education for their children and stuff. Now it has no GATE, eh. The GATE—

Sen. Ramdeen: The GATE close.

Sen. Mark: Shut the GATE.

Sen. R. Samuel: Understand where I am coming from, they have shut the GATE, and they are going to shut a lot of other stuff, so I am asking the Minister—and to the other Ministers in the absence of the hon. Minister of Finance, please, I am asking him, set aside some bonds for people of the lower income bracket.

Sen. Ramdeen: To fix the schools. They do not even have \$34 million to fix schools.

Sen. R. Samuel: It is so tough, Mr. Vice-President, because at the end of the day it is not the rich that does feel the pressure, it is the poor. It is not the rich that goes hungry, it is the poor. It is not the rich that stands up in the rain waiting for the bus that probably never comes, it is the poor. It is not the rich that stands at the side of

the road in the hot sun hoping to get transportation, it is the poor.

And people talk about Christmas and thing. You know, Christmas and all of the celebrations that we have are just pressure easers in our society, you know. If you did not have that you will have chaos. People have now something to think about, they go and they get a few little things for their children, and their minds are shifted from the pressure of life. That is what is happening. Take away those things and then the situation doubles up, the anarchy doubles up, the madness doubles up, because people have nothing to relieve and relieve the tension that is going on. And that is why people go out and they do things, and they make this and they make that. Why they do that? Is to ease the tension. It is not just the celebration, you know. If they do not have those things to relieve, they go crazy, and we do not want a crazy society.

So, for the last year and three months all that has been done to the society is summed up in one word, “pressure”. It is summed up in one word, “pressure”. And, you know what happens? The Minister of Finance seems to be the pressure guy, and it would appear that in a few months from now, more pressure. In March, more pressure; in September, October next year, more pressure; and the pressure will keep building. But, let me tell you, Mr. Vice-President, “pressure does buss pipe”, and I am on the streets, I could tell you how people are feeling. So, please, please, ease the pressure, ease the pressure. You have taken away so much and you are now spending more, you are borrowing more, and you are doing less. That is where the problem lies, you know. I do not have a problem with you borrowing, you know. But, we must see, and we must benefit from all of those things that are happening, and there are no benefits, because there are no priorities, there are no plans, there are no direction, there is nothing, it is by “vaps”.

We are here today by “vaps”, because we were here two or three weeks ago

to debate this very thing. Look it here! [*Points to document*] We were here! And we were told last minute it is not happening, “vaps”, and then all of a sudden the Lower House is no longer sitting for the session, and all of a sudden, one day before my birthday we have to sit. [*Laughter*] It is a strange world. I was shocked, one day before my birthday, I should be celebrating already, we have to sit in this House now—

Sen. Gopee-Scoon: You still have time to celebrate.

Sen. R. Samuel: You will take me out a bit, as a Minister, right? And, we have to sit. Why? Because they probably woke up one morning and realized, “wait nah, this thing going happen in January, you know, and wait nah, wait, we did not plan this, wait nah, oh shoots all yuh call dem in quick”, and I would not be surprise if something else come up Christmas day. Christmas day they might send out a “lil” notice, “all yuh we sitting Boxing Day”, because we forget so and so, because it has to happen January 1st. “Vaps”, no plans, no ideas, no direction, and while all that is taken on, pressure for the average citizen; pressure for the young man, pressure for the young woman, pressure to the family, the single mothers, pressure because there are no relief, you know, there are no middle grants and no little nothing again. All that is over. Mr. Vice-President, I do not know about you, but is pressure.

9.30 p.m.

And I just want to ask that we find some way, the Minister of Finance, to ease the pressure on people, on the poor, ease the pressure please. Let me tell you something, we talk about things, I was fortunate to visit some of the institutions, the boys and the girls and stuff like that and if we do not do something—I have five minutes—

Mr. Vice-President: You have five more minutes.

Sen. R. Samuel: If we do not do something about that quickly there is pressure. So I pray to God that if the Minister of Finance who really does not take on anybody, he has shown that, he has shown absolute disregard, disrespect, dis everything for anything anybody else says, he has shown it, Mr. Vice-President. I hope that the idea of the savings bonds for the poor, below a certain bracket, I hope it would get to his ear and that he would do something about it. Mr. Vice-President, I thank you. [*Desk thumping*]

Sen. Jennifer Raffoul: [*Desk thumping*] Thank you, Mr. Vice-President. As always it is really an honour to be here to speak with you all. I am very grateful to have the opportunity even though a lot of times we raise our voices and we disagree with each other. I know that the only reason we would be here this hour and so close to the holidays is because we love our country and we all want to see it better and improve and because of that I know that everyone is here for the right reason and again I thank you all for that service to country.

Today we are here to debate the proposed measures in Finance (No. 3) Bill, 2016 specifically the proposed increase on income and corporation taxes, as well as the online tax, as well as the increase in savings bonds limit. So because there is a common thread in these things based on revenue generation as well as foreign exchange and addressing these two things I am going to start my contribution with a brief overview of the economy. Because we met about a month ago to discuss the budget debate, I am not going to go into much depth, I am going to try and keep my contribution very succinct, short and pointed. So the first part will be a brief overview. The second part of my contribution would be addressing these proposed changes in light of the overview and specifically trying to match if the current problems in the economy are actually addressed by these proposals or not. And then the third part of my contribution is going to be looking briefly at making

some succinct recommendations on how we can go forward and generate revenue from other mechanisms.

So regarding the first part of my contribution, looking at the economic situation, I would like to focus on three different variables: one, the deficit; two, revenue collection; and three, the foreign exchange shortfall.

So in terms of the deficit I like to quote numbers that are based on the variables of revenue and expenditure. GDP is not really the most accurate metric to look at because we are an oil and gas based economy and we can have very large swings in GDP which ultimately might not impact revenue at all. So revenue and expenditure, the variables I usually prefer to discuss in this context. So the deficit that we are experiencing currently as we went into quite a bit of depth during the budget debate, we have had nine years of successive deficits as Sen. Dr. Mahabir pointed out.

However, we only had three years of a decline in revenues. So if you actually look at the data from 1990 to the present we have had substantial economic growth and substantial increases in revenues from 1990 to now. If I remember correctly the value around 1990 was \$13 billion. Now, we are at revenues of \$36 billion, could be slightly off there. But significant increase. We went from 13 to 17 to 21, et cetera, et cetera. One year, I think it was in 2005, we went from \$20 billion to \$34 billion. This is IMF data which might be a slight discrepancy from the Central Bank data.

Then in 2008 we had a massive windfall from \$44 billion in revenues the year before, to \$62 billion, back down to \$41 billion the year after. So 2008 was an exception, but since 1990 massive increases in revenue, since then. In particular, from 2008 to the present, while everyone else in the world is experiencing shortfalls in revenue and massive uncertainty we have been very,

very lucky. From 2008 to the present, 2009 specifically, we still had significant increases in revenue, no one expected this. So we should have been saving.

So 2009 our revenue was \$41 billion and then it increased until we got to \$57 billion two years in a row and this was I think in 2014 and 2013. In 2015 we dipped, 2016 we dipped again. But to go from \$41 billion to \$57 billion while the entire world was in financial crisis this was an opportunity for us to save. That said, while we were still increasing revenue year upon year upon year, we were spending more than we were making. So our expenditure was exceeding our revenue. So if we were looking at diagnosing what are the problems in the economy the fact that we were overspending, that I would diagnostic, and I think it was stated before, it is just about acknowledging where—

[MADAM PRESIDENT *in the Chair*]

Thank you, Madam President. It is about acknowledging where our economic trends and our economic data point to where our economic management has been in need of some improvement. So, in terms of the deficit, we have been overspending.

The second area that I wanted to briefly touch on is foreign exchange. Now we have had significant foreign exchange shortfalls recently and usually this is because our demand and our supply of foreign exchange are not in a state of equilibrium. Foreign exchange supply is a little bit inelastic, in a sense that we do not control international oil prices and we cannot necessarily control our volumes of production on a short-term basis. On a long-term basis we can through different fiscal and tax incentives. On a short-term basis it is a little bit harder. So it is a little bit inelastic. So it is harder for us to target foreign exchange supply. What we can do is target foreign exchange demand and try and figure out what is the best policy prescription to target that.

So within foreign exchange we have three options. First option is looking strictly at monetary policy basket which is exchange rate mechanisms. The second basket is looking purely at fiscal options and the third basket of options would be a combination thereof, which is what I recommend. To briefly touch on what the three different options are, first if we look at exchange rate controls only, or exchange rate adjustments, rather, only. The IMF estimated that our currency is overvalued and it should be between 8.5—10 to one. UWI is similar, they are saying it should be 10:1. There are pros and cons of this. I think the major disadvantages to point out, that this can lead to signaling to international investors that we are in a state of weakness and that can lead to a decline in good quality investment.

Also this would lead to a decrease in the buying power of our accumulative savings, perspective of consumers and citizens and the problem is that we can have speculation and capital flight if we devalue suddenly. So these are some of the negative possibilities from looking purely at a monetary policy, basket of options. The problem though is if we do nothing, we are going to continue to have speculation and have trading on the black market so we have to do something.

Now, we have the fiscal side options. From fiscal policy perspective, again, as I said before it is about looking at equating supply and demand for foreign exchange. Supply, we are a little bit more limited, demand we can do something about. So looking at what are the components of demand for foreign exchange, number one component would be government expenditure. Government is the largest procurer of goods and services. If we are declining our government expenditure specifically on transfers and subsidies, specifically on state-owned entities, that should help to bring significantly the equilibrium of supply and demand for foreign exchange and that should help to balance the economy, and

foreign exchange in particular.

If you look at the number two and number three components of demand for foreign exchange, number two—forgive me one sec, let me just check my notes—crude oil production. So we are currently importing about over 100,000 barrels of crude oil per day to process at Petrotrin because we are not producing enough resources on our own. So because of that we are spending a significant chunk of our foreign exchange on importing crude oil to then refine at Petrotrin. In order to minimize this we could try and change the tax regime to incentivize exploration and not just in gas but also in crude oil. That however is more of a short-term option, medium and long-term, you know, it is not going to help diversification, it's not particularly going to help us become more sustainable and to improve our economy long term. But it is a short-term option.

The third major component of demand for foreign exchange is on vehicle importation. Trinidad and Tobago is the country in the world with the third highest per capita consumption of vehicles. An option is that we could increase the taxes on vehicles to try and decrease the amount of expenditure on it, but this has implications and because we do not necessarily have fantastic public sector options for transportation it would be a very difficult policy prescription to then try and make transportation for individual citizens more expensive. So it is an option but it is not the best option. If we are to look at the fiscal basket, again to reiterate that the Government expenditure is the largest component of what impacts demand for foreign exchange. So if we try and bring that back into balance and how we—the volume of expenditure that we spend on transfers and subsidies, state-owned entities, there should be an impact on bringing supply and demand more into equilibrium.

The third policy basket option is a combination of monetary and fiscal. On

the monetary side we have seen over the last year and a half that we have had a very gradual depreciation of the exchange rate by about 6 per cent. The economy has been able to absorb this gradual depreciation because if not we would have seen an inflation increase. Inflation and exchange rate are interlinked. And if the exchange rate was not adjusted at the right pace then the inflation rate would have reacted. That said, it is possible to slightly accelerate the rate of depreciation from the current 6 per cent over the last year and a half to say 7 to 8 per cent in the future. So very gradual and helping to bring the exchange rate back into alignment, in combination with the fiscal measures proposed of reducing government expenditure and trying to significantly reduce the outflows that are spent on foreign exchange.

So that is the foreign exchange component of the economy and the third basket of the economic trend that I would like to briefly touch on is on collection of revenues. So the Board of Inland Revenue has been weak in its capacity to collect the amount of revenues it could be collecting and reports are that it is collecting from as much as three-quarters of potential revenue to as little as one third. So the amount of revenue that it could be collecting is much higher than it actually is.

So one example which came to light, about two weeks ago there was a great seminar that the Extractive Industries Transparency Initiative did and one of the statistics that came up was that since the EITI started working with mining companies, quarrying specifically, the volume of tax revenues that was paid by quarry companies went from \$30 million to over \$1 billion. So quarry companies went from paying \$30 million in tax revenue to over \$1 billion. I do not know if this was over the course of one year or a very short time period, two or three years. But the information that was presented during the seminar indicated that it was a

very, very short time period. So that is just one example of the volume of income tax leakage that could be collected. So that is the conclusion of the first segment of my contribution of looking at what are the economic trends.

The second part which I am going to get into now is, do the proposed measures in this Bill today address those trends or not? What are the causes of those economic imbalances and do these measures address them adequately or not? So the first one is the increase in income tax and corporation tax rate from 25 per cent chargeable income if the value is less than \$1 million, to the proposed change of 30 per cent for values over \$1 million in chargeable income. I disagree with this tax. I think that it is penalizing citizens that are already compliant with paying taxes, in particular, citizens that are emolument income earners. That is where the companies deduct automatically the PAYE at the end of the month. There might not be a large number that are emolument income earners that are making that volume, that are employed by the private sector or public sector as opposed to being self-employed, but still it does disproportionately impact those citizens that are compliant with their taxes.

Secondly, there is inequality in this particular measure in the sense that this is asking private citizens, all of us, to pay for the inefficiencies in the public sector system. The reason why we are in a deficit and we are trying to use this as a revenue generating mechanism is because we have overspent. There is duplication within the public sector. You have different Ministries doing similar things and having overlapping mandates. I do recognize that there is the intention to decrease the amount of overlap and I commended that, because I think it is a very positive move, but it is still in a transition process to get there. That said, I recognize that in the short term there is need to create revenue to address that shortfall and I appreciate that the rationale of this tax is to find alternative ways to raise revenue

without going into debt.

So the next section of my contribution I am going to be talking about what are those alternatives, but as for this mechanism, increasing income tax for citizens and companies, from 25 per cent to 30 per cent, I do not agree with. It is not in fitting with the causes of the imbalance that the economy is experiencing and it is not fair and it is not equitable.

The second measure briefly, the online tax, very similar rationale. I appreciate that the rationale is to increase revenue, but it is not equitable and it is again taxing private citizens when the problem is over expenditure in the public sector. And, again, I recognize that there is the stated intention to conduct the state-owned entity review and hopefully use that information, proceeds from that review, to improve the state-owned entity system. Until that review is completed I do not feel comfortable in allowing taxpayers revenue to continue to subsidize a system which is inefficient and in which there are very dubious results of impact.

Now, briefly moving on to the last segment of my contribution, I am going to talk about what are the other alternative ways which we can raise revenue and my technical suggestion for how we can improve our economy of Trinidad and Tobago going forward. As always these are delivered from a place of service to Trinidad and Tobago and a place of dedication to country. These recommendations came from a recent conversation I was having with a colleague and we were catching up about different economic development projects, we are both in the field of economics and, you know, spend several hours chatting about all the different things that were happening and at the end of the conversation though the colleague made the remark that, you know, Jen, I think Trinidad is in a great place, very optimistic, as am I, but my concern is that there are so many different projects going on and if you were to ask me what the three priorities of

the Government are I cannot name three priorities.

Now, the negative implication of that is that there is a risk that with so much going on that there is no cohesion and at the end of the day very little might actually get done. So afterwards I went home, I was actually thinking about that comment and I thought, “gosh” if I had the ability to pick three priorities what would I pick. And that is where these recommendations come out of. So first, I would focus on crisis management which is exactly what the Government is doing now.

So, again, I commend, because we are in a state of shortfall and everything that is being done now is to address that, legitimately, and that is positive, that is the move forward for our country. So I think that is fantastic. In particular, as I stated before, I like the reduction in the number of Ministries, the review of the state-owned entities and the sincere effort to bring the economy back into a state of equilibrium in the short term. Please allow me to reiterate one suggestion that I made during the budget debate. We have accessible to us in the short term, TT \$8billion to TT \$9 billion in financing available from the Inter-American Development Bank and the Latin American Development Bank. We have already signed one project with the Latin American Development Bank and five policy-based loan projects with the Inter-American Development Bank over the last five years of which none have been implemented. These are given specifically for budget support which is when we are in a state of economic shortfall. They are linked to projects that are structural reforms and those structural reform projects are linked to things that we have stated in our budget speech are priorities for Trinidad and Tobago, like looking at renewable energies; like looking at strengthening our social safety net system.

So these financing opportunities are things we have already signed on to as a

country, so that is approximately US \$1 billion in total, which is TT \$67 billion depending on how you convert it, from the Inter-American Development Bank and then about TT \$2 billion from the Latin American Development Bank. It is extremely low interest loans, it is 1 to 2 per cent repayable over 25 years and it effectively works out to be partly a grant. So that can help, in our short-term address, that immediate deficit that we have which is currently about TT \$6 billion according to the data that was released on September 30. So that is part of the crisis management addressing the shortfall now in the short term.

My second recommendation for going forward is looking at how we do business, looking at innovative financial instruments for development, like social impact bonds which I have gone into in-depth in the past. I would not go into any more explanations, I would like to keep it succinct and be respectful of everyone's time. Other instruments are public/private partnerships, benefit corporation legislation, impact investing legislation and, of course, procurement legislation. So there are these instruments which are very effective because they help the Government transition away from an implementation role towards a facilitation role. So from implementation towards regulation and a lot more impact.

I recently was caught of an article that was published by the UN on this issue of public procurement. And the angle that myself and my co-author took was on using these innovative financial instruments for development as opposed to looking at the usual post facto accountability mechanisms to try and prevent procurement inefficiencies. It was more about prevention through good contracting, through social impact bonds which also are fantastic and PPPs also fantastic for liquidity issues in the short term and for being able to save significantly, in the short term, government revenues. So those particular instruments are options for us to look at and these are more medium to long term.

So these are things we need to do. I know that we had said that in the last budget, not fiscal 2017, but fiscal 2016.

So last year September we had announced a very small budget for our PPP Units within the Ministry of Finance. I think it was TT \$1 million, small amount, but it is a step forward. Also several years ago there was a project through the IDB which I think, again, working with the Ministry of Finance on that PPP Unit. The World Bank has an online free course anyone can do in Public Private Partnerships, in PPPs, and it really helps to go through the different contracting options that are available because there are so many different ways you can design PPPs and social impact bonds, et cetera. So the World Bank has that free course, that option so we can all, in this room, enroll in it and learn more about different options.

So those are my medium to longer term recommendations and that again is under the realm of how this Government do business, how we can become more efficient, decrease our role away from implementation and go more towards facilitation and regulation and, of course, impact at the end of the day.

And my third recommendation, now this has not been spoken about much. It is about indicators, it is about how we measure well-being. I have spoken about it very, very briefly, I will just touch on it again. The usual measure within global economics is to measure GDP as a measure of well-being. There are some severe problems with GDP and because we are in an oil and gas economy, a natural resource based economy, there are more evident problems with that here. So, for example, as I said, our revenues went from \$13 billion in the year 2000 to now \$30-something billion, it was \$57 billion for the last two years. But we have gone through this massive increase in revenue and GDP and our violence rates have increased, our poverty rates have increased and it is hard to connect the numbers

with well-being.

So what I would suggest is that we make sure we are measuring what is important to us as a society. So there are some other alternative indicators available. The UNDP has the Sustainable Development Goals, we are a signatory to those. I would suggest that we measure the 17 different goals that are internationally comparable within those indicators and that we really make a concerted effort to discuss them as a nation. Also Bhutan has an example where they measure their own domestically created index, gross national happiness. So I would suggest that we measure what is important to us because there is a disconnect between GDP and quality of life.

So, for example, to be very brief on this, if our number of people in prisons increases, our GDP increases. If our gasoline consumption goes up because we spend more time in traffic, our GDP increases. If the price of iPads goes down and iPads are more accessible to population or technology in general, then our GDP decreases. So it is very hard to say that GDP is a proxy for well-being. So it is really important that we have indicators and measures of well-being that are locally relevant to us and help us ascertain if the expenditure that we are giving out has an impact in terms of quality of life.

So that is it for my contribution. I tried to be succinct and as always I hope to speak from a place of service and contribution to country. Thank you very much, Madam President. [*Desk thumping*]

10.00 p.m.

Sen. David Small: Thank you, Madam President. And I want to thank my colleagues and all who have spoken here this evening, this morning, this afternoon, tonight, as we look at the Finance Bill (No 3) 2016. And I particularly listened very intently when my colleague, Sen. Creese, was speaking because I believe that

he hit on some things that are at the core. And if you permit me, Madam President, I would like to start my short contribution with a quote from a renowned author, Charles Moore, and he says:

“The rich run a global system that allows them to accumulate capital and pay the lowest possible price for labour. The freedom that results applies only to them. The many simply have to work harder, in conditions that grow ever more insecure, to enrich the few. Democratic politics, which purports to enrich the many, is actually in the pocket of those bankers, media barons and other moguls, who run and own everything.”

I use that deliberately because we find ourselves in a situation where I understand challenges, or at least I have a good grasp for the challenges being faced by the Minister of Finance, the fact that we have a 37 point something billion dollars revenue expectation but the expectation for expenditure is \$16 billion in addition that, give or take. So I understand some of those challenges, and that these measures before us here this evening are really a way of financing the gap. As my colleague, Sen. Raffoul, just mentioned, we are a natural resource economy and it is going to be that way for some time. We must accept that. It is going to be that way for some time. We keep talking diversification. Diversification requires innovation; it requires creativity; it requires people to think differently than the way in which we are operating now. It requires the removal of subsidies. Until we are ready to do all of these things at the same time, diversification sounds nice but it is going to be an even higher hurdle to get over.

Madam President, I want to urge a note of caution because we—I am excited by the current oil price. WTI is about \$52 closing today, give or take—and some cents—and it is because the major oil producers have started to hurt that they are taking decisive action, Saudi Arabia, in particular. They started off—before this

crisis their Sovereign Wealth Fund was US \$750 billion, a large amount of money, but in the past 20 months they have burnt through \$180 billion of that. So they are starting to pain, and they are starting to see that they cannot continue to sustain their operations at this low oil price in spite of all the cuts they have made. So they have gone about trying to say, “Listen, we need to get the oil price back up because we need to get revenues up”.

The issue we face here, in particular, Madam President, is that—I think I shared during my budget contribution—even if the oil price doubles to \$100, Government revenue from oil as it is currently structured from the production of oil for export, in particular, we may only see about a doubling of that to about \$2 billion. So that what we really need to do is work on increasing production, and this is where we have had a massive, massive, massive, problem.

Madam President, if you would permit me, the 101 of an oil business, oil by its nature—you are producing oil; oil is a naturally depleting asset. You produce it and it starts to go like that from day-one. That is how it is. If you want to continue to be in the oil business you have to continue. When you get revenues from the production, you reinvest in other production to support your production base to keep your revenue stream steady and allowing you to make a profit. What has happened over the years, and particularly with our State oil company, is that that ability to reinvest to sustain oil production, they have invested in all sorts of other things but not in oil production.

So there is no math; there is no hard science as to why the State oil company is in the condition that it is. They have not reinvested in production. Their production continues to decline. The revenue being generated is becoming less and less. Their operating costs have largely remained the same. So that what you are finding now is that the operating costs start to become larger than their

revenues and you do not have the capital to reinvest to increase your production. It is very, very simple, and until somebody bites the bullet and says the cost—here is what big oil companies do. Big oil companies, understanding the current price scenario, have looked very hard at their costs and have done this: they have cut, they have cut, they have cut, they have cut everything that they can cut, but one of the things that they are careful with cutting is reinvestment in production because they know reinvestment in production is what will see them through the rough patch.

So that those are things—it is above my pay grade, but from where I sit, Madam President, those things are easy. But, of course, in the context of Trinidad and Tobago, I do not think it is as easy as I make it sound. But the thinking behind it is straightforward and easily understandable. Madam President, so that barring any miraculous increase in prices, I think we are going to be going through this period of understanding that also, while oil price is on the current rebound, the issue with the United States oil producers is that there is no organization of shale producers in the USA. What happens with shale production is that shale production is dependent on the individual producers, and once the price reaches a number that they feel allows them to make money, they jump back into the market. So that while the price of oil is going up, the US oil producers, they are jumping back in the market at different price levels. So that I think that while oil prices are going to probably trend a little higher, that is a moderating effect. So we will see how it goes. I make no predictions because I have been wrong on that before and I will probably be wrong on it again.

Madam President, like some of the other persons, I want to touch briefly on the online tax. I have a question for the hon. Minister of Finance because I need some guidance. I understand that prices of goods will cost more in Trinidad and

Tobago, as opposed to in another place because it helps support business. It pays for jobs; it pays utilities; it pays a bunch. So I do not expect if something is \$100, to get it here for \$800. I expect to pay more. I think the issue is the gap—how much more.

I think I related to one of the Members that an item that I purchased online a couple weeks ago for \$40 from Walmart; I go down town to the store that is selling the same item; it is \$900. So I tried to say, okay, I pay, I ship it—in fact, I purchased two of the items. I ship it. It cost me less than buying one here. So that in a situation where we are in a tight economic scenario, it is very understandable, where people are looking at a finite amount of money, buying things online become very, very attractive.

But I listened intently to the hon. Minister of Finance. He said he is hoping to get, I think, \$3 million this month. So that in a good year, probably \$36 million? I am not sure if that is the best way to get real revenue. You are actually penalizing the small man who is trying to optimize his few dollars. I am not sure. I am not convinced that this is the best way to allow the Government to earn more revenue. I have put it on the table here, Madam President: we have an electricity subsidy that I have conservatively estimated at \$700 million a year, and here is the basis for my calculation, so that I am not misunderstood. The National Gas Company sells gas to T&TEC, who passes on to PowerGen and InnCogen, the producers. The price at which the National Gas Company pays for that gas, as opposed to the price that they sell the gas, there is a gap. If you assume that there is a \$1 difference between what they pay for the gas and what they sell it for—a \$1 loss—the subsidy is \$700 million, and that is an extremely conservative estimate.

Here is the other element of that. Electricity is being priced at a flat rate for domestic consumers so that those who could afford to pay more are actually

benefitting the most from the subsidy. So I am saying I understand. I saw, I think, in the newspaper today or yesterday, where the T&TEC put in their rebate, as in the budget, for people. I think they are billed below \$300. That is laudable. But I have argued that the persons who are high domestic users, there should be some sort of tariff or tax, or something, on those, because we are actually subsidizing those who could afford to pay the most. They are getting the bulk of the subsidy. So that needs looking at, and I am sure if we look at that, some way we will generate more than \$36 million very easily. There is a potential double benefit.

If, let us say, you put on some sort of charge for customers who are high users, one or two things could happen, Madam President. Those persons could decide it is an insignificant amount, given their deep pockets, so that at the very least, T&TEC gets more, the NGC gets more. Or if to conserve electricity and cut back on their bill, less gas is going to be used to produce electricity, that means NGC could take that same gas and sell it for higher money to other customers to earn revenues in US dollars.

So the online tax, I understand why. I am not convinced that it allows, given the number that we are working with—\$36 million/\$46 million—it is money. If somebody gives me a cheque for \$36 million I probably would have been out of here very quickly, but I think that we need to also look at the ways in which there are opportunities to earn revenue for the State that is sustainable but has multiple benefits, as opposed to, as many people see it, you are penalizing the small man.

Madam President, as I have shared with my colleagues here before, I am a regular person. I am a normal guy and I feel the pain of—I live in a regular-people area, as I call it, and people are struggling. People are really, really struggling. The average person is really, really, having a tough, tough time in this country and the opportunity to get quality goods at an affordable price is something that people

aspire to and we should not necessarily be penalizing them for that. And that is what some people are feeling. [*Desk thumping*]

Madam President, I want to talk quickly about the tax free bonds. I think that for those who have been able to save a few dollars, finally there is an opportunity to get a decent return. I have advocated for this since my short time—during my short period here in the Parliament, in the Senate, since 2013. I have been advocating that we need to find ways to allow the regular person to get some type of return. Madam President, when you look at the Central Bank data, I think the median saving deposit rate is 0.2—two-tenths of 1 per cent. That is the median. The low is actually three one-hundreds of a per cent, which is probably what I am getting. So you earn nothing on your savings, but the prime lending rate is 7½ per cent. And I want to deal with that, because earlier in the presentation, the hon. Minister of Finance went through a list of other countries and their top tax rates are essentially saying, “Listen, this is what is happening in other places”.

I recall Sen. Henry, in his contribution: we do not live—Trinidad and Tobago does not operate in a vacuum and that we have to keep in line with global trends. So being the good researcher that I am, I went to the World Bank Data set and to find out what is the interest rate spread between lending rate minus the deposit rate. And they have a whole listing of all of that for 217 countries. But it is interesting. In Australia, the spread in 2015 was 3 per cent; in China it is 2.85 per cent; in the UK it is 2.2 per cent; in South Africa it is 3 per cent; in New Zealand it is 2 per cent; in Mexico it is 2 per cent; in Korea it is 1.7 per cent—the spread between savings and deposits rates. And here is the number I really like: in Canada—if you all know the origin country of some of the big banks in this country—the spread between savings and deposits rates is 2.7 per cent. Yet we have those same parent banks operating banks in this country and the spread is 7

per cent, but in their home operation the spread is 2.7 per cent.

So that somebody has to be able to say, this is legal robbery on the citizens of Trinidad and Tobago, and it needs to be addressed. [*Desk thumping*] What does it take to be hammering the same thing over and over and over, for someone to say, “Wow, there is nothing wrong with persons making a return”? And, Madam President, I am belabouring this point. We also talk about bank fees. On a previous occasion, Madam President—I still cannot find any later data from the Central Bank data spread than 2013. I just want to remind persons that according to the Central Bank data spread here, the banks earned, in 2013, \$1 billion in fees, of which service fees are accounted for \$757 million—in services fees, in one year. And that is 2013 data.

I was reading and I saw that Her Majesty’s treasury and the Chancellor of the Exchequer, in 2015, put a cap on domestic credit card and debit card charges. The cap in the UK, as of December 2015 for domestic credit card use, is 0.3 per cent, and the cap on charge for using a debit card in the UK is 0.2 per cent. The regulator placed a cap on how much the banks can charge for fees for using your cards. And someone was speaking earlier about the challenges that the gas station operators are having in this country, and their margins are thin and they have to pay 3 per cent. The banks are—I think my good colleague, Sen. Mahabir says, they have a whole floor in the building where there are the gurus and their whole job is—the schemers—to design ways to come up with fees to charge persons.

I think it is time. I think several chambers are now starting to speak about it and understanding that the fee system, the scheduling way in which the banks address this, disadvantages citizens and businesses and it requires a hard look and a straight conversation. Because you cannot be generating this type of money on the backs of people in this type of economy where we are struggling. It requires a hard

look and the regulator has the authority. But, again, it may be above my pay grade.

And if we understand how it works also, if you want to have a LINX machine in your business, even a small business, you have to get that machine from the bank and then you pay them a monthly charge for it. In other parts of the world, you go, you buy your machine and you simply take it to the bank and let them programme the machine and you have your machine in your business place. But the local banks do not want you to do that. They want you to be paying every month for the machine that they give you. They do not want you to own the machine. And there are several things in the way in which the banks operate that allow them to continue to rake in, rake in, rake in, all sorts of fees. I have nothing against businesses making a profit but I think at this stage, when we—as the hon. Sen. Henry said, we cannot ignore global trends. Trinidad and Tobago does not exist in a vacuum and in the face of the fact of the spread in the fees, what happens in other places, we really need to look and see what is happening here. So I agree with the hon. Senator. I fully agree.

Madam President, there is also one other issue. There is a huge gap in what I call the underground economy that is not being picked up. Too many businesses I walk into—and it is not normal. It is all types of very good businesses with lovely edifices, and when you walk into the door there is a nice sign that tells you “cash only”. Cash only is, you expect to go in a little “Mom and Pop” store and like they are struggling—“cash only”. I am walking into a big, shiny building, glass doors, sliding doors, air-conditioning, staff all over the place, and when you go to pay, “cash only”. And there is a nice sign. But nobody seems to know about this. And I do not want to call those business places but all of us have been to many of them, providing all sorts of very good services. I have had to partake of those services. I do not understand, if I go to do a business that is in a big building,

that I am sure the Board of Inland Revenue would love to find out why you are running a huge business and there is a big sign at the door, “cash only”. Why is that not being tackled? Do not target the “Mom and Pops” alone. Target the big guys. Target everybody.

Madam President, as I close on that issue, I would like to ask every Member to spend a couple minutes when they get a chance, there is a website I would direct them to—particularly the Minister of Finance. There is a website called www.banksarethieves.org. And it is a website by some enterprising Australian businessmen who have decided that they are fed up with the Australian banks and their fee schedules and they actively encourage people who think that the banks are robbing them on their fees—and they take the banks to court. And they have set up a website called: “banksarethieves.org”. And I just found it very interesting and they have several cases that they have won where they force banks to reverse fees and repay fees to customers. They do class action lawsuits against banks. This is what is happening, because if we do not take action, it runs away; it simply runs away.

Madam President, the other short issue I want to talk about—I am close to wrapping up—I have no problem—I understand my good colleague, Sen. Raffoul, when she spoke about we are increasing the taxation burden on those who are captive. I understand that, but I also understand that, as Minister of Finance, your options are limited. Your options for earning revenue are limited. So it is a Catch 22. Damn if—forgive me, that is unparliamentary. Whether you do or you do not, you might find yourself in a problem. So, forgive me, Madam President. I apologize.

So I understand that challenge, but I also think that I am certainly in Sen. Creese’s camp where the banks are in receipt—if you receive any type of funding

from the Government you have to open a bank account and you must get that money through the bank. Why favour the banks? What about the credit unions? What is the problem with allowing a public servant who earns his salary, to be paid at the credit union? You might be surprised at what will happen with the banks with their fees and their charges and the spread between their rates. What is really the problem? Why can I not, as a civil servant, I would like to get my money at my credit union, “please pay my salary here”—what is the administrative hurdle? There might be actually quite—if that is in place, the banks might find themselves with some challenges. But I would like them to then really be innovative rather than have a head full of schemers; have a floor of persons who are trying to design products to get customers back to their business. And I think these are the things that we need to look at.

I totally support that those who earn more should contribute more. I think earlier in the contributions today, we went through a list of the tax rates in other countries, but aligned to what Sen. Samuel spoke about, if people are paying taxes, and paying more taxes, then they should expect more in services. The services have to be able to be delivered consistently. So I have no problem with if you are earning more, tax more. That is fine. But at least, if I am paying taxes for services, I should receive those services without any hindrance.

So, Madam President, as I begin to wind up here in my short contribution, I think that the measures described here are measures that I understand. I do not support all of them. I believe that these are things that could use a second look. And I have a question for the hon. Minister of Finance in particular, the online tax. It was raised by, I think it was Sen. Ramdeen or Sen. Samuel. Because I, too, have had an experience where someone shipped an item to me through the airfreight and when I got the invoice I was charged. If someone is resident in the US and they

ship an item to me, airfreight, why does that attract online tax? Is that an anomaly that needs to be worked out in the current system that they have not thought that through? I would like to think so. But I cannot see the logic. If the logic for the online tax is that we are trying to manage the foreign exchange drain in Trinidad and Tobago, if I have a relative overseas and they ship something to me, airfreight, and I receive it: why is that attracting online tax? Why should I pay that? But at that point you cannot argue with customs. You just pay and you leave. There is no point to argue. That is not the place to argue it. You have to argue that elsewhere. So I think there are probably some tweaks and some things that need to be looked at, as with, I expect that in a new tax framework where you are trying to roll it out, there are going to be some bugs that need to be worked out. I think that that is one of the things that I would like to understand, if perhaps it is an oversight and it is something that we need to look at again.

Madam President, as I begin to wrap up, Trinidad and Tobago is in a place now where I am startling to be very, very concerned in a serious way about the way in which things are going because we find ourselves in a place where a lot of things are happening that do not—for somebody like me who is of a relatively rational mind, I cannot place a finger on why some of those things are happening, and we are all aware of the things that are happening. I think that when we put measures out there that for, whatever reason, appear to put pressure on people, there tends to be an effect, and it tends to be a negative effect, and whether it is intentional or otherwise, almost does not matter.

I think that we have to be careful with measures where we are trying to run an economy and we are planning. My concern is always the planning horizon. I am not sure or very clear, Madam President, about the planning horizon. So that if we are planning and we are saying—okay, in the hon. Minister of Finance's budget

presentation he said they are hoping to have the budget balanced by 2020, I would have liked to see, if that is the case, give me what are your current estimates; what the revenue is going to be, and what your expenditure is going to be that allows you to balance the budget; some sort of projection. It will change, but at least let me wrap my mind around it. What are your plans? Where are you going to cut? Or where you expect to get more revenue? I am still digesting a lot of information because I think this session was very, very interesting today. I continue to say that every day I come here I learn because I do not know everything. I have a few thoughts and some ideas on some things and I relish the opportunity to share them with my very good colleagues here, and the fact that people are patient with me, I really, really am thankful for.

So, Madam President, I think that I want to wrap up by reading a quote again from Proverbs 22:07. And it says:

“The rich rule over the poor and the borrower is a slave to the lender.”

We live in a place where we have to be careful. We are increasing our borrowings and we have to be careful we do not become slaves to those who we borrow from. And it is just a note of caution. Our revenue situation is very unpredictable. I think that, as I outlined before, we are an energy—an oil and gas natural resource economy—and that for the next 12 to 18 months, or even 24 months, I think that the market is very unstable, very unpredictable, and on that basis we should be thinking of trying to find a way in which we could normalize our operations, and by normalize, I mean cut. We need to really attack it a little more aggressively.

I think the Minister of Finance is such a nice guy. When he read his budget, I am like, “Wow, this was really a very nice budget”, because I was expecting more doom and gloom. But I understand the other realities that he is dealing with because there are effects in the economy if the Government makes too many cuts

at one point in time.

So that, Madam President, the measures before us, I have some challenges, but I think it was noted by Sen. Ramkissoon, this is a Bill that—it is a money Bill and there is no vote, but I wanted the opportunity to be able to make my few points and, again, to refer Members to this website called *www.bankarethieves.org*. Go, read and see how in Australia some business persons have decided they are fighting back because the state regulators did what they could and people got fed up and started to take the banks to court. And here is what: if the banks that are operating in Trinidad and Tobago, their parents are operating with 2.7 per cent spread, why are we allowing them to operate with 7 per cent spread in our country? Something is fundamentally wrong with that and, for me, I understand that there should be an automatic translation between the two. But I think the gap is too wide. The gap is too wide and it requires some action on behalf of the regulator in the interest of the citizens of Trinidad and Tobago whom we are all here, through various mechanisms, to serve to the best of our ability.

Madam President, with those few words, I thank you. [*Desk thumping*]

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

Sen. Wayne Sturge: Madam Vice-President—

Hon. Senators: “Madam President.”

Sen. W. Sturge: Sorry, “Madam President”. It is that time of night. Let me not take the Senate on a scenic route and see if I can say what I have to say in 15 minutes. And let me start with a complaint. Why are we debating this Bill at this time of year when we were scheduled to debate this Bill six weeks ago? And it seems as though there is a trend, and I hope in the New Year we can see—if it is a trend, we can see that trend stopped and things corrected. But why are we waiting until we are approaching the deadline to bring Bills to be debated in the

Parliament? This is not the first instance. I am not going to refer to the other two, but I assure you—and I am quite concerned—that we all know that there are at least two or three instances when the Government brought Bills very close to the time when deadlines were upon us. So that is my first compliant.

My second complaint was espoused by my colleague on the Independent Bench, Sen. Ramkissoon. It relates to the legal opinion which we were promised, I believe, six weeks ago, though six weeks after that we are still awaiting that opinion. That cannot be right, Madam President. And the situation is exacerbated when one hears that this legal opinion was provided to the media. So it seems as though the media has more rank than the Members of this House. [*Desk thumping*] And maybe the fact that the media financiers or one of the financiers, or most of the media houses have financiers of this Government. That might explain why.

10.30 p.m.

Hon. Imbert: What?

Sen. W. Sturge: But in any event—[*Interruption*]

Hon. Imbert: Madam President, you cannot allow that. The media financing the Government? He is imputing improper motives.

Madam President: Sen. Sturge, yes, you were going beyond propriety there. Okay? So could you withdraw that statement, please?

Sen. W. Sturge: I withdraw it. Okay, I will withdraw it. Maybe it is not for this House. But in any event let me go straight to the Bill itself. Now I do not know what is the purpose of this online purchase tax. Is it a revenue generating measure, or is it like the measure we debated some time ago with respect to motor vehicles where you are seeking to change a behaviour? Now I will deal with both scenarios because I do not know which is which. But before I deal with it, Madam President, if I can take you to clause 6 of the Bill, it says:

“...Miscellaneous Taxes Act is amended by inserting after Part XIV the following Part:

Part XV

Online Purchase Tax”

And it reads:

“70. (1) A tax called the online purchase tax shall be charged on the value of a good which is—

- (a) purchased by means of an electronic transaction;
- (b) imported into Trinidad and Tobago by air transportation;
- (c) consigned to a consumer; and
- (d) entered from a transit shed.”

Now first things first, I have looked at the Bill and I see no definition of what is an online purchase tax. I guess we have to assume what it is, but because there is no definition of online purchase tax, there is great force to the point made by one of the earlier speakers—and I believe Sen. Small was one of them—that this does not target necessarily Trinidadians or residents here who use their electronic cards and so on to purchase goods online, because if someone uses a credit card, someone living in the United States, not a US citizen, purchases something for you and sends it by air transport and it meets all of the criteria, the prerequisite set out in 70(1)(a), then the recipient is still subject to this online purchase tax. So it is unfortunate that there is no definition of what online purchase tax is.

Now that being the case, I am wondering why not simply say—and it might make more sense if this is about revenue generation—we are increasing import duties. Why not simply say we are increasing import duties by a further 7 per cent and in that way we do not have this confusion. Now, I looked at—because I try to

demystify one of the terms which seem to bother Sen. Ramkissoon, what is the value of a good. So I see value of a good is defined in subclause (2), which says:

“...seven per cent of the value of a good and is payable by the importer.”

And then subclause (3):

“‘value of a good’ means the value determined in accordance with the Sixth Schedule of the Customs Act;...”

So I went to the Customs Act to see what “value of a good” means, and there are at least, from my last count, about four or five different definitions. So I do not know which is. But in any event, be that as it may, my real contention is if this is revenue generating, sadly this is going to fail. It is going to fail for a variety of reasons, but the main one is this. If you look at the prerequisites in 70(1), (a), (b), (c) and (d), all four prerequisites must be satisfied before the tax is levied, because when we look at (c) it is consigned to a customer and you see the word “and” which is conjunctive. So it suggests, for normal legal drafting and interpretation, that all four must be satisfied, and if all four must be satisfied and you are hoping to generate revenue from what you call an online purchase tax, then it must mean for this tax to kick in that the goods imported into Trinidad and Tobago must be imported by air transportation which is (b). [*Interruption*] It is not so. That is disrespectful.

Hon. Al-Rawi: No, that is correct. That is correct.

Sen. W. Sturge: Right. The problem is this. If this is revenue generation, or if you are trying to curb a behaviour you are not curbing any behaviour, because if I order something online and I am going to pay 7 per cent if I bring it by air freight I can simply say, you know what, I do not need it right away. I will bring it in by sea, and if I bring it by sea then the Government is denied this tax here. So that cannot make sense. If we are really seeking to generate revenue, I think the better

thing—this is not an attack on anyone. I am simply saying this because it has become quite obvious that we have reached a place where we need to generate revenue.

So maybe the better thing to do, since we have a voracious appetite for all things foreign, that we really need to:

- (a) cut back on consumption; and
- (b) see how best we can maximize the collection of taxes and not simply limit it to collection from air freight.

Because if we have only collected \$3 million in the busiest time of year, Christmas, 2.5, then I cannot imagine we will be collecting much more for the rest of the year, and that does not augur well for our economy because the truth is we need to earn foreign exchange. So maybe what we need to do is revisit because as it stands it seems unclear, it seems discriminatory and it seems destined to fail if there are so many ways; one in particular, simply send it by sea transportation to get around this tax.

Hon. Al-Rawi: True.

Sen. W. Sturge: I have a concern about that. I have a concern about that because I really want us to collect as much revenue as we can.

Now to demystify an issue raised by, I believed it was Sen. Ramkissoo, or some other speaker was saying, they had a concern about paying 7 per cent on top of all of the other taxes that are already levied on the value of the good. When I look at clause 2, it says 7 per cent of the value of the good. So it is not supposed to be 7 per cent of the total price, which is import duties and customs and VAT, and whatever, and whatever. So if that is the case, if that is what is being done, then that is illegal and I hope that the Minister of Finance when he rises—I know he usually does not take us on and I take that in good measure, but I hope when the

Minister of Finance rises he can send a clear signal so that the courier services and so on, the custom brokers and so on, that they can arrange their affairs to suit because this seems to be a country where people would use every avenue, and it seems as though every business has a floor or a department where people can scheme, how we can make more money out of something.

Now since it is clear that we have a voracious appetite for all things foreign, I think what we need to do is work on our appetite. We need to cut back on consumption. In that vein, I looked back at something that was released last year around this time by the former Governor of the Central Bank, Governor Jwala Rambarran, where he outlined who were the greatest users of foreign exchange. So the first one in terms of retail businesses: \$575 million to Price Smart; US \$198 million to Courts; \$169 million to Smith Robinson; \$153 million to A.S. Bryden; and US \$136 million to Massy. In terms of the car dealerships—well the car dealerships if you add them up is \$865 million: US \$275 to Southern Sales; US \$251 million to Massy; \$245 million to Toyota; the other small ones would be Diamond and Lifestyle to give us a grand total of about \$865 million.

Now I know there might be a concern. I am not going to say who finances who, but it is quite obvious that there is a reticence to go after certain types of businesses. Now it is quite clear to me, unless I am given figures to refute what I am saying, that motor vehicle purchases would be one of the biggest slices of foreign exchange consumption. So maybe what we need to do is curb our, not just enthusiasm, but our appetites for vehicles, luxury vehicles in particular.

Now I made this point this year when I raised an issue relative to a change in importing requirements for foreign used vehicles which people now refer to as the wet man speech, but the point I was trying to make is those who import Tiidas and smaller vehicles like that, I think from my recollection the cost is US \$2,000. So if

you buy it for \$65,000, most of it is profit to the used car dealer, the roll-on roll-off dealer. They spend US \$2,000/US \$3,000 on the vehicle, but that pales in comparison to a Range Rover which costs about US \$150,000 and the BMW X5s and the Mercedes-Benz, GMLs and so on, and so on. Now the difficulty is this with these sort of luxury vehicles and it is not an issue so much with the smaller consumer, but those who drive luxury vehicles they seem to want to change their luxury vehicles every two or three years and that is a problem and that is an area where I think we can perhaps cut down on consumption of US and so on.

Now I am going to suggest this and, of course, I am not in Government, I am not in charge and it can fall on deaf ears like everything else I have said in the past, but as it stands I think the transfer for vehicles under three years, or five years, or whatever—I cannot remember the period—is \$5,000. That is the largest portion. I think if it is under two years you pay \$5,000, over three years you pay some other amount, over five years you pay some other amount and over another time period you do not pay anything because the vehicle is practically worthless. I am wondering perhaps to curb our appetite, whether or not it might be best to increase the transfer taxes on motor vehicles because it seems as though the \$5,000 max is not really a dent on anyone.

So if you have a vehicle that is purchased above a certain price and you transfer it under a certain time, under five years, you should pay, what I should say a commensurate figure, a figure commensurate to the value of the vehicle. So it must act as a deterrent. It would bring in some income—*[Interruption]*

Madam President: Sen. Sturge. Acting Leader of Government Business, could you just—I am trying to listen to what Sen. Sturge has to say. Continue Senator.

Sen. W. Sturge: So I was in essence saying that maybe we could look at significantly increasing the cost of transferring the vehicles under a certain time

frame and perhaps even make it illegal to transfer vehicles under five years unless, of course, you have extenuating circumstances, for instance, if the vehicle is written off or something like that. But that is just one measure. Of course, I am not an economist and the Minister of Finance would know what impact this would have, but we have to come out with some sort of plan to deal with our consumption.

I came up with that because I remembered in the 1990's, which was before the NAFTA, the free trade of the Americas agreement and so on, when we had these problems we had to come up with various policies to curb our appetite to all things foreign. I remember we could not buy apples, we could not buy grapes, pears and so on. In fact, the types of vehicles being sold locally, most of them were manufactured locally. The luxury vehicles back then would have been the Super Saloons and the Royal Saloons for Toyota, and for Nissan the luxury vehicles would have been the Laurel, but what we did in essence, we opened up certain plants to assemble these vehicles. So we created jobs and we saved foreign exchange. So whereas in the 1970's we could have imported Pontiacs, Mustangs and so on and so on, we no longer had that option in the 80's because of where we were, and now it seems as though we are right back where we started, full circle.

Well the relevance is that you are seeking to raise revenue and seeking, in essence, to deal with a foreign exchange problem that we have, and the foreign exchange problem is we are not making enough money, we are not having enough US coming in and we are spending at a faster rate than we are earning. And if in a normal household common sense you are not making and you are hanging your hat where your hand "cyar" reach, then crapaud smoke your pipe. That is trouble. So I was simply seeking to put that into the mix.

Now again with respect to the online tax, we might be better placed again if

we increase import duties so that people cannot say, whether it is true or not, whether the price increases are negligible or not negligible. But there is a complaint on the outside, may be ill-informed, but it is a complaint nonetheless and perception is reality in this country, people are saying that the Government is targeting small businesses. People are saying, listen they are not targeting Francis Fashions, they are not targeting Detour, and that is why they are not increasing import duties on sea freight. But the small man who cannot get a visa to travel to the United States but owns a business on Charlotte Street, or the Drag Mall or the People's Mall, or whatever, and the only way he can get these goods in here is to buy it online; he is saying, well listen, I am being attacked, the Government is waging war against me.

Again, perception is reality and people are saying—and it is not a good thing for people to be saying that the Government, who is supposed to be the Robin Hood, who is supposed to take from the rich and give to the poor, that the Government is in fact robbing the hood by taking from the poor and giving to the rich, because it seems as though since the Government has come into power most of the Bills to come before this Senate were money Bills dealing with either levying taxes, increasing borrowing limits and so on. So it is not a good thing—before I move on to the next phase—to have a society looking on and saying, listen, the Government is not making it easy for me. The Government is making it much more difficult for me to do business. That is not a good thing and maybe that needs to be addressed.

There is another aspect of the online tax apart from it being discriminatory, it was raised earlier about medicines and so on. Now my father passed in March of this year and he had a similar problem in terms of, he was at Mount Hope and he could not get morphine. So although he was a very good Christian it seems as

though he lived his last few days in hell before he departed this earth, and the only relief that many of the persons on his ward could get when we were being told there is no shortage of cancer drugs and so on, the only relief many cancer patients could get is to import these medicines online. It is not limited to cancer patients, it is a lot of medical things in terms of medicines and so on. So maybe just like there are exemptions for VAT and so on, maybe we can look at making goods that are medicines and so on, necessities and so on, exempt from this online tax. I think that would go a long way.

I think the point is well made that this is not going to be a deterrent, so I do not think I need to hammer that home because 7 per cent is not going to really scare anybody off. It is going to annoy a lot of people because it is not going to work and the revenue you are going to generate is not much and, of course again, people would feel targeted and so on.

Now that moves us to the savings bonds. Now it is worrying this attempt to borrow money on the local market. It is worrying because I get the impression from all the borrowing we have done in the past year that maybe our credit rating is not so good. So maybe we have reached the point where we would not be considered favourably when we go to the lending agencies on the international market and so on. So it is a bit worrisome and I hope I am wrong and I hope that can be debunked, but it is a bit worrisome when we are going to borrow \$2 billion on the local market. The only good thing about that is perhaps it might cause the bank to take note so that the ordinary man can now get value for money as opposed to keeping it in the bank where he gets less than one per cent interest on his money.

With respect to what they termed the millionaire tax—perhaps before I go on to that there is just one more thing I wish to say again about perception, and I have to be careful about how I say this because there is a view, in light of what is

transpiring on the outside, that we are not far from becoming a failed state and I say that in the most objective way without casting blame. Maybe we are where we are because of things beyond our control. But when I read on the newspaper today that there was another instance of looting and the police are saying it seems as though persons are going into groceries and so on and setting fire in the hope of people running out and then they run in and loot. It is not the first instance, that is the first thing. It is the fourth—from what I understand—instance in a week.

There were two reported instances in the San Juan area last week which was reported in the press, and a friend of mine who works in the Barataria Police Station said well, you know, that is two that were reported. There was one more, but they managed to quell the situation. But my problem is, even if we want to discount that one, if we count the one that happened today, it seems as though, is it that we have reached a stage of desperation because I would shudder to think that we are not far from being as bad as our neighbours in Venezuela. I say that because if that is where we are, or if we are not very far from that, I think the Government might need to rethink some priorities and perhaps look at where moneys are being spent. I read somewhere, I will put it the most copacetic manner I can, but they said in essence if you give a large sum of money to rich people, they are not going to spend it. They are going to invest it. Even if they can afford an extra jet, it is just the policy among rich people that they would not buy it. They will seek to save it, and with respect to lower income earners that is not the case.

There are more than 300,000 people in this country it is reported, who live on less than \$985 a month. I saw that in the newspaper recently. So there is not much to save. That is the first thing. But when they do get a little something extra, a little disposable income, it seems as though they do not save it anyway. The good thing about that is this with poor people, when you put money into the hands

of poor people, or maybe I should not say poor people?

Madam President: No, it not what—it is just I would like you to tie up what you are saying.

Sen. W. Sturge: Yes. What I am saying—*[Interruption]* You do not even contribute to anything. Anyway, what I am saying, we need at this point—you see the looting, I am saying that the looting and so on might be symptomatic of certain government policies, and we are dealing with certain aspects of government policy today in targeting certain people and so on, and so on, but maybe we need to rethink the direction in which we are going. But I am saying if we look at policies where we put money into the hands of the poor and the disenfranchised and so on, they are more likely to spend, and from my limited understanding of economics, if you are in a stagflation you spend your way out of it. These poor people are not the types who would be buying vehicles and so on, and so on, and therefore, we would not be digging ourselves further into the consumption problem that we are now having. That is what I want to make on that point.

Now, with respect to the—well I do not think there is too much I want to say on the millionaire tax. Again, that is not a tax on the rich when you are going at individuals who earn a million dollars. That is \$80,000 a month. In real terms it sounds like a lot, but in real terms that is not a lot of money. When you divide that by seven, that is not a lot of US per month. It means you are making about US \$11,000/\$12,000 per month. So what you are going to force—just like Sen. Small was saying, there are a lot of businesses who say cash only, you are going to cause people to under report because people are going to try to avoid to pay this tax.

Now earlier this year when we were debating the sustainable development goals and so on, I had made reference to the fact that there are a number of conglomerates and banks when you add them together they make about \$8 billion

profit every year, and at that point I advocated that we raise the corporate tax to 35 per cent. Lo and behold, I was attacked by Sen. Dookie who said that is crazy, and now tonight he is saying, “Well you know, it is not a bad thing and so on”. But what I want to say is when I made that remark, when I made that suggestion that we raise the corporate tax to about 35 per cent, I really was targeting the banks and the conglomerates who are billionaires, who make billions of dollars in profits every year. To target any business who makes a million dollars in profits a year, that is not a big business. Most businesses make around that. So you are going to simply see people avoiding tax, or seeking to find some creative way to pass it on to the consumer and I have a difficulty with that.

Now I also read in the newspaper today—before I wrap up and even before I go to that, I spoke with someone today from St. Ann’s, I would not call his name, but it seems as though we are running into another problem which I hope we can address. There is a shortage of drugs, antipsychotic drugs, at St. Ann’s. So it seems as though we are going to be in a lot of trouble in the coming weeks if that not addressed. But in any event I am closing by dealing with priorities and I am closing by dealing with something I read in the newspaper today about what I thought and what I said earlier this year, was the one industry in this country capable of bringing us out of the rot we are in, the one industry that was capable of bringing in foreign exchange which was tourism. I see today on the newspaper that the tourism sector, particular in Tobago, is in a state of pre-collapse.

Hon. Senator: Like the Government.

Sen. W. Sturge: Well I would not want to say like the Government. So Carnival is coming up, I hope that can be addressed.

11.00 p.m.

And I hope, again, like priorities, if I piggyback on what Sen. Dookie said

earlier, he was saying, in essence, we need to take money and make money off of this and redirect it in certain places. I think we need to redirect it away from the rich. You cannot say that you do not have money but you cut CEPEP by \$146 million and you give it to Emile Elias to build houses in St. Joseph. You cannot give someone money, \$120 million, to finish a stadium in Tarouba and cut school feeding by \$90 million. That is where priorities are wrong.

So that is why I was trying to make the linkage earlier—and I am closing now—that maybe we need to look at our priorities and instead of sending money a certain way, look at who would be the most affected by the downturn in the economy which is brought about by lack of foreign reserves and so on and so on and, perhaps, deal with them. And by trying to assist them in their plight, being at the bottom of the economic ladder, maybe they might help us to spend our way out of this rut.

I think that is all—well, apart from something which I do not know—no, I think that is where I will stop at this point but I thank you, Madam President.
[Desk thumping]

The Attorney General (Hon. Faris Al-Rawi): Thank you, Madam President. I do not propose to be too long as I am a guest in this House albeit with right at law. It is a pleasure to be back into the Senate and to make a short contribution. Several pertinent issues were raised in the Senate tonight and I would just like an opportunity to address a few of them. The Bill before us is a rather short Bill, it is six clauses long. It is an omnibus Bill. It proposes amendments to the Government Savings Bonds Act, the Income Tax Act, the Corporation Tax Act and the Miscellaneous Taxes Act and, indeed, several questions have been put forward, several submissions have been made as to how, perhaps, one can do this better.

Of course, a few of the contributions were a bit provocative on the

Opposition Bench and indeed some questions were asked as to what this money is for, why are we borrowing. Indeed, Sen. Ramdeen pointed out, at one point during his contribution, that the Government had come to Parliament to raise ceiling limits in respect of the several legislations that we operate by, be it for companies, external loans or developmental loans, and he found that rather curious. I would recommend to the hon. Senator that he traverse the *Hansard* record and he would see that, on the 9th of September, 2011, the then Government came to raise the debt ceiling limits by significant proportions. In fact, as I contributed to that debate, there was a raise of 177 per cent in borrowing capacity for the guarantee loans for companies, 50 per cent up, and we were moving from \$20 million to over \$1 billion in one instance.

But what was then explained when the questions were asked of the Government as to why this debt ceiling was being raised was simply a response that there was need for elbow room. Now, it is in that context, and specifically in the context raised in the very excellent contribution by Sen. Raffoul, that the first order of priority in a Bill like this is to acknowledge what is no longer an elephant in the room but a fact of our society, and that is crisis management.

Madam President, Sen. Ramdeen spoke about what is the money being used for. He reflected upon the period prior to 2010 and indeed he was, perhaps, correct to do that because it is incumbent to put on the record that the cash balances in 2009 for Trinidad and Tobago, under PNM Government, was plus \$9.3 billion. In 2010, that cash balance went to \$4.5 billion, downward from 9.3; in 2011, the cash balance of Trinidad and Tobago dropped to \$2.5 billion; in 2012, it dropped again to \$1.6 billion; in September 2015, we were negative \$9 billion in overdraft.

Let me repeat that. September 2009, we were positive \$9.3 billion. Bear in mind the financial crisis in 2008/2009 saw Trinidad and Tobago with plus \$9.3

billion in its cash reserves; and in 2015, September, when we entered Government, Trinidad and Tobago was in its overdraft, \$9 billion in the hole. That was in the context of the largest government expenditure in the history of Trinidad and Tobago. If you added every government expenditure year on year, from 2010 when the UNC came in to 2015 when they went out, it was close to \$300 billion, not including off-balance sheet expenditure, which took us, if you include loans, et cetera, somewhere close to \$400 billion, equal to 15 years of back-to-back spending in the period 2010 go back. If you added every budgetary allocation for 15 years, prior to May 2010, you could not outspend what the UNC spent.

And I heard the temerity tonight of Opposition Senators asking: Well, what was the money spent in the last year by the PNM Government? Where are the revenue generating assets? But we heard the truth come from the Independent Bench, that crisis management has to involve expenditure, because when you inherit \$9 billion in overdraft spending, that was not the end of it. Sen. Ramdeen focused on the NGC expenditure. We heard Sen. Small say that there is no surprise that Trinidad and Tobago was in a problem and is in a problem because, Madam President, of the 100,000 barrels of oil in production—oil and oil and gas equivalent—in 2010, where we were at 106,000 barrels of oil per day in equivalent, we are now in the 50,000 bracket, dropped half of our expenditure.

Let me put the context together to add to what Sen Small said. When you raid the NGC bank accounts, as the UNC did, to the tune of \$13.6 billion in five years and you pump it into your budgetary support, alleging that you have earned money, because there was no statement of revenue, you take \$630 million in 2010, \$350 million in 2011, \$965 million in 2012, \$1.5 billion in 2014, \$5.3 billion in 2015, \$13.6 billion from the NGC. Today, we have UNC Senators asking us about sign and wine, who studying to pay for the gas pipe and gas line, and doom and

gloom over Trinidad and Tobago's success in shoring up the gas shortage in Trinidad and Tobago by way of confidence.

But you know what the UNC says to Trinidad and Tobago? Show me the gas in the pipeline first before I agree there is gas. Everywhere else in the world, if OPEC goes to have a conversation behind a closed door on cuts for production rates, the price of oil jumps by \$5 instantly. Speculation equal to confidence equal to market adjustment but the UNC says "turn on de pipe and leh we see where the gas and oil is". Telling the international investors tonight, as they say, each of them, "oh, we doh know if our borrowings are intact and what our credit rating is", forgetting that the downgrade to credit rating, after spending \$400 billion in five years, happened under a UNC Government. [*Desk thumping*]

Sen. Mark: Not \$400 billion, boy, it is 288.

Hon. F. Al-Rawi: Including off-balance sheet—and I am nobody's boy, Sen. Mark, understand where you stand. Madam President, I could handle him.

Sen. Mark: "You talk untruths."

Madam President: Sen. Mark. [*Interruption*] Sen. Mark, please!

Sen. Mark: You are a guest here.

Madam President: Sen. Mark, please and could you just shift your chair because you actually have your back to me. Hon. Attorney General.

Hon. F. Al-Rawi: Thank you, Madam President. Sen. Mark has a tendency to get a little jumpy. He is accustomed to this. "Yuh get jumpy when the truth comes and yuh get caught out." You see, I was making the point that when you have your credit ratings collapse under a UNC-led Government and you come here today and you are telling Trinidad and Tobago, "don't have faith in the gas situation come up", you are not looking at the picture in the holistic sense that it must be appreciated. You see, it is not only that the closest production facility exists under

Shell right now closest to the Dragon field. But, Madam President, are we to forget where our negotiation of gas contract pricing for Atlantic LNG stands? It is this year. You want to make sure that you have confidence in the economy to carry us through the rough times.

You know, I heard the UNC, in their political meetings and in the Parliament, chastise the Minister of Finance for saying that people did not panic in Trinidad and Tobago. Well, let us give credit where credit is due and let us put it this way. We have been talking about the removal of subsidies in this country since kingdom come. We have been speaking about getting economic restraint in order. We heard Sen. Sturge tell us chapter and verse about curbing an appetite for foreign exchange which is spent on cars. Well, is there not a natural corollary between dealing with the subsidy, making sure that transportation is better pooled together by public transportation and therefore curbing the appetite? So what do they mean? Listen to me or do not listen to me? You see, it makes no sense.

When you come to a Parliament, you ask what the money is for. I am asking Sen. Ramdeen, I am asking Senators opposite, do they recall that the hospitals had to be paid for? When the Minister of Finance met a bill for \$4 billion for the Arima hospital, for the Point Fortin Hospital, for the children's hospital, all built without a single bit of framework agreement in place without borrowing in place, just like that, he is supposed to have money? Madam President, \$13.6 billion gone from NGC, \$9 billion in overdraft in 2015, Minister of Finance has to deal with that but it was not that bad. Back pay had to be paid for; agreeing to wage negotiations on the cusp of an election. What is the figure, Minister of Finance? Another \$4 billion in back pay?

Hon. Imbert: Five.

Hon. F. Al-Rawi: Five billion dollars in back pay but what about the OPVs?

What about the billions of dollars in OPVs? Vessels shipped, loan organized—\$4 billion plus \$4 billion plus \$5 billion in debt, just like that, \$9 billion in the hole. What was the money used for? Sen. Ramdeen “doh know, doh listen and doh care”.

And then we hear, Madam President, further questioning, what is the money used for. I wonder if the concept of having to repay short-term borrowings bothers this Opposition: \$1.6 billion in T&TEC in short-term loans; \$1 billion in WASA in short-term loans. OAS changed the contract addendum number two to throw away a billion dollars again. You see, Madam President, the point that I am making with dealing with the crisis management raised by Sen. Raffoul is that the money is required to plug the hole in the—I cannot say the word that I was about to say—in the terrible management of our economy which the UNC unleashed upon us. And, when the Minister of Finance has to find \$9 billion plus \$5 billion plus \$4 million plus \$4 billion plus \$1.6 billion plus \$1 billion, “where yuh gehing the money from”.

And then they complain about taxing. They ask about where diversification is coming from. They are hoping and praying Dragon “doh come through”. They reduce it to simple talk about sign and wine, allegations left, right and centre but hear the best one I heard all night: “small man, poor man”. Sen. Mark stand up, gallery, “we, on this Bench, no millionaires on this Bench”. [*Crosstalk*]

Sen. Mark: You are not a millionaire?

Hon. F. Al-Rawi: Madam President, on the Opposition Bench, I want to say with certainty, 11 attorneys-at-law, including Senators sitting on the opposite Bench, earned, by way of billings, billed the Government of Trinidad and Tobago, 11 of them, \$245,201,908.25 and they have the audacity to tell Trinidad and Tobago about the small man?

Sen. Mark: Say something new, say something new.

Hon. Senator: One Alexandra.

Hon. F. Al-Rawi: About the small man?

Sen. Mark: Tired, tired hear that.

Sen. Baptiste-Primus: “De man ain even bright, boy.”

Madam President: Sen Mark, if you are saying, “say something new”, which I am hearing, to the hon. Attorney General, if you do not want to hear what he has to say, you can leave the Chamber. [*Desk thumping*] Other Members, please, we are nearing the end of this debate and I need the volume in this Chamber to be lowered. Okay? Continue, hon. Attorney General.

Hon. F. Al-Rawi: Madam President, “I eh hear ah single man opposite tell meh it not true, yuh know, not ah single man opposite to tell meh they didn’t bill \$35,881,703; not a man opposite brave enough to jump up and say that is not true”, and these are the millionaires talking for the poor man.

Sen. Sturge: A right to privacy, a right to privacy, you go ahead.

Hon. F. Al-Rawi: Talking about right to privacy now.

Hon. Imbert: You are joking, that is public funds. Joking.

Hon. F. Al-Rawi: Madam President, do you know the expression “fat cats”? [*Laughter and interruption*] Do we understand that expression? [*Continuous laughter*]

Madam President: What is—[*Laughter*]

Sen. Mark: We must break the monotony. That is the monotony, we must debate.

Madam President: Okay, okay, continue.

Hon. F. Al-Rawi: Madam President, I did not say FATCA, I said “fat cats” because I do not say FATCA anymore, I talk about foreign accounts. You see, I could speak with liberty in this House because there is no Bill in this House to deal

with foreign accounts, I am not anticipating any Bill. But what I can tell you, in dealing with crisis management, I am hearing tonight desk thumping from the Opposition about the banks.

Now, Sen. Small made a very important point about the inequity in ratios, et cetera but Sen. Small, let me address the argument that you are making. It is true, the spread is one which we should not have in this country but Trinidad and Tobago, let us face where we are and who we are right now. There is a phenomenon called de-risking, there is a phenomenon called de-banking. There is exposure to Trinidad and Tobago in respect of our failure to have an Opposition turn up to Parliament even to talk about agreeing to—*[Interruption]*

Sen. Mark: Madam President, are we discussing FATCA?

Madam President: No. Hon. Attorney General, what is taking place in the other place, let us not deal with that. Okay?

Hon. F. Al-Rawi: Madam President, I am not speaking about the other place at all “yuh know”, I am talking about the point that Sen. Small made and I am dealing with one of the largest issues in the Caribbean which is de-risking and de-banking, and the fact that we, for failure to agree with the Global Forum commitment for reciprocity of information of tax information, for the failure to deal with the United States Government, are at risk of de-risking and de-banking in our economy, and we have very few indigenous banks. So whilst one may want to go forward and challenge the banking sector about the spread of interest rates, the first thing you have got to make sure is that you actually have a banking sector to have that conversation with. *[Desk thumping]* And there is nothing offensive about touching that issue because it is a real issue in the context of spreading the burden. The same way one talks about online tax or the million—

Madam President, I was astounded to hear someone associated with the

University of the West Indies, Sen. Munro, talk about 30 cents on every dollar. A man came to tell him, as an economist, the hon. Senator that he is, that he had to import bottles, plastic bottles, while they are manufactured in Trinidad and that they had to add 30 cents on every dollar, and I wondered, for one second, why Sen. Munro did not stop him in his tracks to tell him that PETs are located locally on the plant lines here from S.M. Jaleel, from Blue Waters, from Oasis, from Coca Cola. They are manufactured right here but it is not 30 cents on every dollar, you pay tax on profits, Senator. That is your income minus your expenditure where you have lawful avoidance and what is left over is what you pay tax on. It is not 30 cents on every dollar.

Hon. Senator: He did not do accounts.

Hon. F. Al-Rawi: I have to go back and check to see if my degree is from the University of the West Indies because I am worried right now. [*Laughter*]

Sen. Munro: Madam—improper motives, please.

Hon. F. Al-Rawi: Thirty cents on every dollar. You see, Madam President, I raise that because the average human being listening to someone, purportedly speaking as a lecturer or someone associated with the University of the West Indies, speak about 30 cents on every dollar, you must think that something is real inside of there. Whereas the conversation is really in respect of business levy because the millionaire tax, really, in the large financial environment, according to some theories, is hard to levy if you are avoiding properly. Tax avoidance is lawful, tax evasion is not. *IRC v Tomlin*, the basic case in respect of taxation law—simple, old, well known. Even Sen. Ramdeen laughing, perhaps he has heard of it. But the fact is that it is not true to say that it is 30 cents on every dollar.

Madam President, crisis management and shoring up revenue and ensuring

that there is an equal spread in the payment and contribution by every citizen requires that we improve our revenue collection authority measures. That was one of the observations by Standard & Poor's when they downgraded us under Kamla Persad-Bissessar as Prime Minister of Trinidad and Tobago. That, in accordance also with the observations that our statistical information was out of whack and today when we hear people quoting the Minister of Finance speaking about the debt to GDP ratio, it is because he agreed to publicize for the first time the restated debt to GDP ratios in Trinidad and Tobago. He did not hide it like the last Government did.

Sen. Ramdeen, again, when IMF comes for Article IV consultation, failing even to admit that the UNC Government specifically ducked the last IMF Article IV. In 2015, they were supposed to be here.

Hon. Senator: That is not true.

Hon. Imbert: Since February 2015.

Hon. F. Al-Rawi: February 2015.

Sen. Mark: That is not true.

Hon. F. Al-Rawi: That is not true?

Sen. Mark: No, you are misleading the Parliament.

Hon. F. Al-Rawi: Madam President, Sen. Mark knows well, Moody's, Standard & Poor's and the IMF were ducked by the last Government in 2015. They refused to undergo scrutiny because they were afraid that what we just spoke about, the \$9 billion hole, the raiding of NGC, the short-term borrowings, that all of that would have become apparent. You see, Madam President, you cannot just trust anything that the Opposition tells this country you know. They must be put through the rigours of testing the veracity of what they say and they cannot stand scrutiny.

Madam President, I would like to say that the position with respect to crisis

management has been attended to by way of waste, corruption and mismanagement focusing. The targeting to get to where we want to go includes reform of local government in particular. And I wish to put on the record that the public procurement legislation will be operationalized in the year coming. [*Desk thumping*] The Prime Minister has given an instruction. The Minister of Finance is hard at work at doing what the last Government refused to do until after they had left office.

Madam President, that is to be met equally by the realization that our society and confidence to enjoy our society getting to measures of happiness index, as Sen. Raffoul put, include the fact that we have to manage crime and the Government, for the last time again, I will have to say, we do not have a crime plan, we have an anti-crime plan; and the anti-crime plan to allow for this index to be measured includes following the money. By having public procurement operationalized, electronic transactions fully proclaimed, Data Protection Act fully proclaimed, improving our criminal justice system but most importantly, following the proceeds of crime. The proceeds of crime include civil asset forfeiture, explain your wealth legislation, and I am looking with great interest to the Opposition's support for those measures.

Hon. Senators: Bring it, bring it.

Hon. F. Al-Rawi: The legislation has been properly prepared and will come to this Parliament very shortly in a package of legislation to deal with following the money.

Madam President, I will just simply say that the measures by the Minister of Finance to balance the burden and equity are to be appreciated in the context that having raised the ceiling for income, that the vast majority of persons now earning \$72,000 per annum, as opposed to \$60,000 per annum, are exempt from tax. The

tax upon those who earn more money by way of what is now referred to as the million-dollar tax and the hybrid version of the online tax, properly defined in my view contrary to the view expressed by Sen. Sturge, are an attempt to make sure that those who have more disposable income can pick up the load in this time of difficulty whilst we deal with crisis management.

I wish to pay an open and profound compliment to the Minister of Finance for thinking outside the boundaries of traditional measures, [*Desk thumping*] for stabilizing our economy, for making sure that peace and good order prevailed when we lost 92 per cent of our national revenue last year, he was right to say thank God nobody rioted, he was right to say that there was peace and order in this country. [*Interruption*]

You see, Madam President—

Madam President: You know, there are moments when we have had levity and that is fine but you are overdoing it now so let the hon. Attorney General finish his presentation, please, and let everyone listen in silence.

Hon. F. Al-Rawi: Madam President, I will be winding up very quickly right now. I would like to say that I do sincerely believe that the Minister of Finance has managed to pull together a ship, working together with his colleagues in the Cabinet and the very hard-working members of the public service. Trinidad and Tobago has survived a storm of epic proportions under the leadership of our Prime Minister, Dr. Rowley. [*Desk thumping*] Someone who has had the courage to lead our Cabinet where no other Cabinet has gone before and that is into uncharted waters of dealing with taboos such as stability in your subsidies, in your waste and corruption enterprise to drive it out of Trinidad and Tobago, so that we do not see it again, in proclaiming laws that are on the books of Trinidad and Tobago. This takes courage.

Madam President, it was just incumbent of me to put on record a few answers to some of the very startling things proposed by the Opposition and I think I have served that purpose. May I thank you for allowing me the opportunity to contribute to this debate.

Thank you. [*Desk thumping*]

11.30 p.m.

The Minister of Finance (Hon. Colm Imbert): Thank you much, thank you very much, Madam President. Madam President, so many inaccuracies have been uttered in this debate that it is difficult within the time frame available to me to respond to them, but I would try my best. The first thing that I would like to deal with is the tendency of certain Senators to just make statements without any facts, without any research, without any evidence.

I would refer hon. Senators to a paper done by Ethan Kaplan of the University of Maryland. It is current, October 25, 2012. The title of the paper is: “Does Taxing the Wealthy Hurt Growth?” The author of the paper makes the point that the debate about whether high tax rates suppress growth or hurt growth is based on ideology rather than evidence. This particular researcher looked at the correlation between top marginal tax rates and growth over the period 1930 to 2012 in the United States. The evidence is clear, contrary to what I have heard here tonight.

There is a clear correlation between tax rates and growth. The correlation between tax rates and growth is strong and positive. What it shows is that in the 1930s when the top marginal tax rates in the United States was of the order of 23 per cent or so, the growth rate was less than 1 per cent, and then between the period 1930, 1950, 1960, 1980 coming up to 2012, the growth rate rose as the marginal tax rates rose to almost 100 per cent of income, from 1 per cent to as high

as 6 per cent, Madam President.

The author makes the point, in particular, if we look at the post-war period, after 1946 a rise from 0 to 100 percent in the top marginal rate is associated with growth of at least 3 per cent, particularly during that period and in the period under President Truman, the period of highest growth in the United States was in the post-war era when top marginal rates were of the order of 94 per cent under President Truman and 91 per cent through 1963. As top marginal rates dropped, so did growth in the United States of America. The author also refers to a recent paper by some distinguished economists: Piketty, Saez and Stantcheva. So I would refer hon. Senators to this type of research before you just make statements that are not based on fact. In the United States as the top marginal rate grew, growth grew. So that is a fact. That is not speculation. This is something that has been studied for the last 60 years.

Now, let me move on to another point. I heard a lot of talk about the online purchase tax and I was a bit disappointed. I was a bit disappointed that Sen. Sturge, although I have noticed that he comes into this Senate a bit unprepared, but I was disappointed because he is a lawyer. I also was a bit surprised that other Senators did not read the Bill properly, and if only they had read it, all of the answers to their questions are contained in the Bill. For example, in clause 6, the definition of online purchase tax which Sen. Sturge could not find is contained on page 4 and page 5 of the Bill and Part XV, in particular, of the Miscellaneous Taxes Act is now amended by inserting a definition of the online purchase tax. The online purchase tax is defined as follows:

“A tax...shall be charged on the value of a good which is—

- (a) purchased by means of an electronic transaction;
- (b) imported into Trinidad and Tobago by air transportation;

- (c) consigned to a consumer; and
- (d) entered from a transit shed.

In this section—

- ‘consumer’ has the meaning assigned to it in section 2 of the Electronic Transactions Act;
- ‘electronic transaction’ has the meaning assigned to it in”—the same—“section 2 of the”—said—“Act;
- ‘entered’ has the meaning assigned to it in section 2 of the Customs Act;
- ‘importer’ has the meaning assigned to it in...the Customs Act;
- ‘value of a good’ means the value determined in accordance with the Sixth Schedule of the Customs Act; and
- ‘transit shed’ has the meaning assigned to it in section 2 of the Customs Act.”

A more detailed definition you could not find in a piece of legislation, yet Sen. Sturge says, there is no definition of the online purchase tax.

What I found particularly disappointing, Madam President, is that if Sen. Sturge had bothered to read the legislation and had bothered to go and look at the other bits of companion legislation that deal with the definition of a consumer, for example, one would see the consumer is defined as the end user of the item. That is how the definition in the Electronic Transactions Act defines what a consumer is. So that answers the question.

If the online purchase tax in this law uses the definition of consumer in the Electronic Transactions Act—and it says that clearly, pellucidly and in English on page 3 of the Bill—that you have to go to the Electronic Transactions Act to see what a consumer is, and when you go there you see the consumer is the end user of

the item. And, therefore, if something is imported for a small business for distribution and resale, then that person, that small business—who, according to Sen. Sturge, is being punished by this tax—that cannot possibly happen, because the small business person is importing goods not for their own use. They are not the end user of the good. They are importing it for distribution and resale and, therefore, the tax is not applicable to them.

And, similarly, Sen. Small, since the consumer is defined in the Electronic Transactions Act as the end user, if your relative or a relative of someone purchases a good for you, that person who did the transaction is not the end user of the good. So if you go to the Electronic Transactions Act, you will see that it links the concept of the consumer to the transaction and, therefore, a tax should not be charged on an item that is purchased by someone else and consigned to someone as the end user of the good, Madam President. [*Crosstalk*] Madam President, could you ask them to stop talking, please?

Madam President: Could we let the Minister of Finance conclude his presentation and everyone be silent? Thank you.

Hon. C. Imbert: You know, Madam President, when you are pointing out the things that they say are just wrong, they cannot handle it, you know, that is why they mutter and get on like that. It is crystal clear how this tax is to be imposed. If hon. Senators opposite on the Lower Bench had bothered to take two minutes to go and look at the Electronic Transactions Act, to look at the Sixth Schedule of the Customs Act, you would see for example the value of a good is based on the ad valorem, value of the good, which comes from the Latin *ad valentiam* which means “to the value” and, therefore, the tax is charged ad valorem, 7 per cent on the value which is the cost, insurance and freight, CIF. Sen. Hadeed made the point. He knows. The value of the good is the cost of the good plus insurance and

freight.

If you look at the way duty is charged, customs duty is charged in an ad valorem manner. Value added tax is then compounded after you take the CIF value and you add the customs duty, then you charge value added tax because it is an added value on the value of the item plus the duty. In the same way the online tax is charged on the original value, the CIF value. So customs duty is charged on the landed cost; online purchase tax is charged on the landed cost and then value added tax is charged on the compounded figure. It is all there in the law if persons such as Sen. Sturge had bothered to go and read—read the Customs Act, read the Electronic Transactions Act, read all of the relevant laws, and one would see how the tax is applied. So, therefore, it is not charged on small businesses and it should not be charged on an item purchased by someone else for someone in Trinidad and Tobago. It is not charged on businesses.

I just want to make—I have said this so many times, I just want to say it again, because I have realized that when you are dealing with the members of the UNC, they just say anything that comes into their head and they just repeat it over and over and over in the hope that someone would be listening—some uninformed person would be listening and would believe the inaccuracies that they utter; and that takes me straight to Sen. Ramdeen, trying to take over from Sen. Mark in terms of the propensity to issue inaccuracies. Let me go straight to Sen. Ramdeen and prove my point that he is the new Sen. Mark, [*Laughter*] the new and improved Sen. Mark.

The first statement he made—inaccurate, that it makes no sense to borrow money at a higher rate to reduce overdraft. Now the repo rate, if again, if Sen. Ramdeen would bother to do two minutes of research, he would see that the repo rate is 4.75 per cent, and that is the rate that the Central Bank charges the

Government on the overdraft. So once we borrow below the repo rate, then we are borrowing at a lower figure than we are charged on the overdraft by the Central Bank. We borrow at 4.5 per cent, we borrow at 3.8 per cent. We do not borrow and 4.75 per cent and, in any event, it betrays a complete misunderstanding of the concept of the government overdraft which is to make cash available to the Government. So whether you utilize your overdraft in the Central Bank or whether you borrow from the private sector, it makes no difference, because what you are doing is generating cash to run the country.

Secondly, Sen. Ramdeen made the astonishing statement that the overdraft has gone past \$8 billion. The limit for the overdraft is \$7.8 billion because it is 15 per cent of revenue and 15 per cent of \$47 billion, Madam President, is \$7.8 billion. So how on earth, with an overdraft limit of 7.8, can the overdraft cross \$8 billion? That is what I say, the Senators on the Lower Bench they just say anything and hope that somebody listening to them would believe them.

Let me go to another point. Sen. Ramdeen added the overdraft to the public debt and came up with some nonsensical figure, but he did not add the \$9 billion overdraft that the UNC saddled us with. Why you did not do that, through you, Madam President? Why did you not add the \$9 billion on the debt that the UNC left us with and get the true debt that the UNC left us to handle and manage? You did not do that. Again, Madam President, it is painful sometimes having to listen to what they say.

If you go into the Central Bank's data centre on its website and you look at the public debt you would see the net public debt, Madam President, in September 2015 was \$85 billion, \$85 billion. By April 2016, we had that down to \$79 billion. It is back up now to \$88 billion because of the \$7 billion we borrowed in the United States, but we reduced the net—if you go on the Central Bank website you

will see it—public debt from \$85 billion down to \$79 billion, and it is now back up to \$88 billion. So there is a marginal increase in the net public debt from the time that the UNC was removed from office and present day. A marginal increase in public debt. The reason why we have had an increase in public debt is that there is no other revenue sources available to us.

As the Attorney General, the point he has made, they raided \$14 billion out of the National Gas Company. They bankrupted the National Gas Company. They took money from every single place that they could find. There were billions of dollars in savings, billions of dollars in credit in the Central Bank. The Government had a surplus in 2010, a billion-dollar surplus. They spend out all of that and they send the overdraft to \$9 billion. It is under the UNC that for the first time, Madam President, in over 25 years that the government accounts at the Central Bank went into overdraft under them.

In 2012 they come and meet \$7 billion in credit, spend out all of that, squandered it on projects of questionable integrity, and then spend out another \$9 billion. Madam President, \$16 billion they spent in that period in addition to borrowing \$30 billion in addition to spending the \$400 million that the Attorney General spoke about when you include the borrowing by state enterprises and contingent liabilities added on to the public purse, but yet I have to come here and hear about a rewriting of history by the persons on the Lower Bench, rewriting of history.

I have to go Sen. Munro now, and I would go further than the Attorney General. He has to check to see if he has a UWI degree. This is not the first time I have said this, this is the second time. I want to give back mine, because if Sen. Munro is a lecturer in UWI, I am ashamed because look at what he said. It is a talk on the street that a tax on barrels coming soon. Who ships barrels by air? You

know, what bothers me is that the UNC Senators, they do not read anything. The same definition that Sen. Sturge says does not exist, although it exists on page 4 of the Bill, it says:

“...online purchase tax shall be charged on...a good...

imported into Trinidad and Tobago by air transportation;”

You know, for all the pretence of Senators opposite that they are street men, they ever collect a barrel in the airport? You ever collect a barrel in the airport? I mean, come on. [*Laughter*] The tax is for air transportation.

You know, I also heard Sen. Sturge say people will avoid this tax by shipping. You know, I have to wonder, these millionaires opposite me—millionaire number one, millionaire number two and millionaire number three gone, I have to wonder about these millionaires who so vex with that tax that we are going to put on them—“dem millionaires”. Madam President, any of these millionaires in the Front Bench, did they ever go to shed 10 to collect a barrel and stand up in a line? [*Laughter*] And then you have to walk around a corner, go by a wooden shed, go by a window, present your documents. “Somebody would watch yuh—watch yuh for about 10 minutes—and then eventually dey take yuh document and then they stamp it and then you go—[*Crosstalk*—hold on, hold on, you could see you never went—and then you go by the next window, Madam President.

By the next window, somebody else would watch you for about 10 minutes and stamp your document and then you go around and they tell you sit down on a bench and take a number and wait. You sit down there and you wait and you wait and you wait, and then they call your name, and then you have to go and pay, because they are telling you how much you have to pay now, and they are not giving you change. You have to walk with change. When you are finished with

all of that then they send you by the shed itself, and you have to sit down there and wait now and watch a man driving a forklift around and around and around, and eventually he will decide: “Oh yuh come for something, leh meh see yuh documents” and then they go—by this time it is about four hours passed already, you know. [*Crosstalk*]

Madam President, I am describing what the man in the street has to go through when you are importing a barrel of personal effects on the Port of Port of Spain. So you are talking about a process that takes several hours. The item takes one month to come from the port if it is coming from the United States. It takes a month. Who is going to decide they are going to ship an item, a small item costing US \$50 or US \$100? It could be something else in size as small as this. [*Cell phone in hand*] Who is going to decide that to avoid this 7 per cent tax they are going to wait a month? They are going to take all that jamming down there in shed 10, they would sit down there for four hours. The cost of your time is far more than the \$5 or the \$7 you are spending online. Who in their right mind will do that? But I have to hear from Sen. Sturge the way people would avoid this online tax is they would ship goods by sea. You know, I wonder if these millionaires opposite me whether they associate with real people and whether they have to deal with real-life situations and whether they have people doing that for them.

Now, let me just deal now with some points made by the Independents. I was quite—[*Crosstalk*]

Madam President: Continue.

Sen. Baptiste-Primus: He is dealing with sensible people now.

Hon. C. Imbert: Yes, as my colleague, my ministerial colleague to my left has indicated, let me deal with sensible people now. [*Laughter*] So let us deal with what Sen. Mahabir had to say. Sen. Mahabir, apart from the items that were not in

the Bill—and Madam President, you know, I heard hon. Senators opposite say that they could talk about anything, but I came to talk about the Finance (No. 3) Bill. So that I heard what the hon. Senator said and, in fact, as I have indicated and I would put it on the record again, clearly we would have to increase the value of the houses that would be associated with the housing bonds, clearly.

With respect to tax credits for businesses that earn foreign exchange from export and so on, that is certainly one of the suite of incentives that I am looking at. We have to look at different ways to encourage people to be net earners of foreign exchange and to initiate growth and to create jobs and to stimulate the economy and so on and, certainly, a tax credit is something that is very worthy of consideration. With respect to fireworks, I would pass on your comments to the Minister of National Security who has the remit for dealing with explosives and fireworks.

Sen. Shrikissoon, there seems to be a misunderstanding of what these savings bonds are all about. These savings bonds are designed to help the small man, poor people. The Government does not have to do this, Madam President. The Government does not have to do this. The Government can easily borrow from the commercial banking sector, and that brings me to another point.

Sen. Ramdeen carried on and on and on and on about when we default on the US billion-dollar bond and when the IMF comes and, you know, when the IMF takes over the country and carried on, carried on, carried on. Madam President, the Government went out into the commercial banking sector in Trinidad and Tobago last week to raise \$500 million at 3 per cent, 3.8 per cent, and we were oversubscribed by over 100 per cent, oversubscribed. [*Desk thumping*] We got offers of \$1.2 billion at 3.8 per cent. When we went on that roadshow in the United States in July and August, we were oversubscribed by over 200 per cent.

Within two hours the Republic of the Government of Trinidad and Tobago had gone on the international bond market for \$1 billion at 4½ per cent, and within two hours we had offers from a series of international investors approaching US \$4 billion. [*Crosstalk*] Performance beats old talk any time. [*Desk thumping*] Performance beats old talk anytime. [*Desk thumping*]

You see, Madam President, the Senators on the Lower Bench they like to talk, but when we were able as a team—we had a highly professional team—representing the Republic of Trinidad and Tobago, we were able to attract investment of the order of almost US \$4 billion in two hours. This week's auction was an electronic auction, and in a matter of hours we were able to attract local investors in the amount of \$1.2 billion at 3.8 per cent.

Now, that completely contradicts what the naysayers on the Lower Bench are saying, because if the Government of the Republic of Trinidad and Tobago in this “guava season” can go outside there for \$500 million and get offers for \$1.2 billion in less than one day, and if we can go overseas for US \$1 billion and get offers of almost \$4 billion in two hours, it says something about the credibility of the Trinidad and Tobago under this administration. [*Desk thumping*]

So that the fact of the matter is that dealing with the US dollar bond, in particular, it tells me again that Sen. Ramdeen did not do any homework. It was widely publicized that the Republic was going out for a 10-year bond with interest paid on an annual basis with a bullet payment at the end. So we got a rate of 4.5 per cent which is our target rate, an excellent rate, and the 4.5 per cent for the US \$1 billion works out to about TT \$300 million per year is what the interest premium is every year, Madam President.

If the Senators of the UNC had bothered to look into the *Estimates of Expenditure* they would see that our debt servicing allocation for fiscal 2017 is of

the order of \$5 billion to \$6 billion. So it is easy to accommodate \$300 million in debt servicing within an overall appropriation of \$6 billion for debt servicing. There is no way on this God's earth that this PNM Government could ever default on that US dollar \$1 billion bond issue. It is just scaremongering and reckless talk coming from the Senators on the Lower Bench on the opposite side. Reckless talk, reckless talk. It is a good thing people do not take you on and people do not really listen to you.

With respect to the TGU borrowing, again a misunderstanding. TGU had already borrowed the money. They borrowed it last year. They borrowed it in short-term financing. What TGU did recently through Credit Suisse was to go out to get long-term financing to refinance the short-term borrowing. They already had the debt, so there was no increase in TGU's debt and, certainly, no increase in government debt because that debt was already there.

So that the financing they got that was publicized in the papers—I saw a newspaper headline, and what is really tragic about Trinidad and Tobago, there are some people in the newspaper who just write what they want. I see a headline: Trinidad debt goes up by \$5 billion. Impossible. TGU already had \$4.5 billion in short-term debt which they converted to \$4.5 billion in long-term debt. All they did was refinance it. So there is no increase in debt. And, worse yet, the TGU debt is not government guaranteed, because TGU is an independent power producer and gets a revenue stream from electricity that it provides to T&TEC. So there was no requirement for a government guarantee.

In fact, TGU did a roadshow on its own and was able to raise the money on the US market very comfortably at a very attractive interest rate without a sovereign guarantee from the Government of Trinidad and Tobago, without increasing the public debt and without putting out a liability on the citizens of

Trinidad and Tobago for which they must be congratulated. I am just amazed sometimes when I see these headlines. They make absolutely no sense.

Look at the *Guardian* newspaper today that the honourable lecturer from UWI quoted. What is that? That is a regional institution using the Trinidad and Tobago Government official figures. They are late! I already announced all of those figures in the budget. I laid the *Review of the Economy* on the table. All ECLAC did is to cut and paste from the *Review of the Economy* and produce something as if it is their original research. That is nothing. That is the same data that the Government of Trinidad and Tobago produced. So do not just read something in the newspaper because it is a big controversial headline that the economy shrinks by so and so. They are just regurgitating official data from the Government of Trinidad and Tobago. There is no original research there. There is nothing new there. [*Crosstalk*] It is not a question of being right or wrong.

I actually pulled down, Madam President, the press release from ECLAC and I looked for the source of the data, and the source of the data is official figures from the Government of Trinidad and Tobago. That is where they get their analysis from. There is no research done by them. They just look at what we publish and they publish a short position. It is just about over one page. They just summarized the data that is already in the *Review of the Economy*. [*Crosstalk*] All of that was already stated in the budget. You were not listening, you were not listening. Now, Madam Speaker—[*Interruption*]

Sen. Mark: Madam President.

Hon. C. Imbert: Sorry, Madam President. What I—[*Crosstalk*]—I have a good 10 minutes more. Madam President, the other thing I cannot understand is this issue with this millionaire tax and the online tax. I just do not understand it. There is a study done in British Columbia by a particular institute that promotes buying

local because other countries in the world they are serious, you know. You must buy local. Why would anybody, any responsible person promote foreign goods? Why? You have to be serious about this thing.

In British Columbia there is an organization dedicated to promoting local businesses and the purchase of locally produced goods and they have done a study on online shopping, because what is affecting Canada is that online shopping in online retail stores in the United States like Amazon and Walmart and so on is severely impacting on local businesses in Canada. They did a study on what is the economic effect of online shopping, and the results are obvious. They indicated through their research that of every dollar that is spent shopping online in the United States, 1 cent comes back to Canada. Think about it, it is logical.

12.00 midnight

Madam President, if you buy an item produced in the United States on Amazon, how much of that money is coming back to Trinidad and Tobago? None. The item is produced either in China or it is produced in the United States. The manufacturer in the United States gets the cost of the product; Amazon gets their fee; the person who transports it to the skybox gets their fee; the airline that brings it in from the United States gets their fee. All of that is foreign, and the value that Trinidad and Tobago get is the very limited employment of the courier company in receiving the good and transporting it to the end user in Trinidad and Tobago—1 per cent. One cent out of every dollar exported through online shopping returns to Trinidad and Tobago.

Whereas, if you have a locally manufactured product which is manufactured using foreign raw materials, the studies have shown that over 40 per cent, 40 cents out of every dollar, recirculates in the local economy. These are facts. Think about it logically, Madam President. What is the benefit to Trinidad and Tobago

of online shopping buying foreign goods that consume foreign exchange, that do not employ people in Trinidad and Tobago, that does not stimulate manufacturing, that does not stimulate economic growth, that does nothing to incentivize the Trinidad and Tobago economy? What is the benefit of that to the Trinidad and Tobago economy? There is zero benefit.

We in this country need to get serious—we need to get serious. We have to buy local. We have to help our local manufacturers. We have to boost our local businesses. [*Desk thumping*] I am not going to go so far as to say it is unpatriotic to promote consumption of foreign goods, but it is dangerously close to that. We need to be more patriotic. Why on earth would people complain about a tax that is designed to suppress consumption, that is designed to suppress foreign exchange leakage, that is designed to boost local manufacturing? Why would anybody complain about that? Why, Madam President?

We have to start thinking about putting Trinidad and Tobago first; put country first. Online shopping does not help Trinidad and Tobago. [*Desk thumping*] It creates retrenchment, it creates unemployment, it causes businesses to close, and this has been studied all over the world.

Madam President: Sen. Sturge, could you please; and I am not going to ask you again.

Hon. C. Imbert: Madam President, what I was particularly disappointed about was the Senators who said that \$80,000 a month is no money. I mean, good grief. As an elected representative of the people for 24 years I have been giving hampers at Christmas time to the underprivileged in my constituency, paid for by donations from local well-wishers and out of my own pocket. When I see the people coming for the hampers, these are people who do not have two shillings to rub together, and this hamper that they are getting represents food for Christmas for their family.

These are the people who are living on \$1,000 a month or less.

As Sen. Sturge indicated, the same Senator said—alleged—there are 300,000 people in Trinidad and Tobago living on less than \$1,000 a month. Those words were uttered by Sen. Sturge, and in the same contribution, having moaned about that alleged fact that there are 300,000 people living on less than \$1,000 a month, he says \$80,000 a month is nothing, is no “big ting”, is peanuts. These are the kinds of things that get people annoyed, when you have people in this august Chamber making these kinds of ridiculous comments—\$80,000 a month. Who needs \$80,000 a month to survive in Trinidad and Tobago, Madam President? There are people living on \$800 a month, but they have to listen to a Senator in this Chamber saying that \$1 million a year is nothing, and “why yuh punishing de poor millionaires”. That is what I am hearing coming out of this. This is absolutely ridiculous.

You have got to think before you speak. How dare you say that, that \$80,000 a month is peanuts? It might be peanuts for you, but it is not peanuts for all of those poor people in this country, and everybody has to share the burden of adjustment. All countries do it. We do not practise Reaganomics here and trickledown economics. That is a failed policy, that concept that is making the news nowadays that you must reduce taxes for the rich to help the economy. That is nonsense that has not worked. It did not work with economics, it did not work with Thatcher in Great Britain; it does not work. You must have redistribution of the wealth. The rich must pay for the poor; that is the only way you can have justice and equity in a society.

But I have to listen to this theory that \$80,000 a month is not a lot of money. Well it is not a lot of money for the millionaires on the Opposition Bench, but it is a lot of money for a lot of people in this country, a lot of poor people. I am really

disappointed that Senators would make a statement like that—really, really disappointed.

With respect to statements made by Sen. Small about lending rates, the Attorney General made a point, but I have the information. In Barbados the lending rate is 8.5 per cent; the savings rate is .5 per cent. In Jamaica the lending rate is 17 per cent; the savings account rate is .85 per cent. In Guyana, the lending rate is 12 per cent and the savings account rate is 1.5 per cent. This is a feature of the Caribbean. It is a feature of small open economies. The Attorney General was hinting at the reason for this, and this is because of the risks faced by correspondent banking. But I have made a pledge in this House, and this Government has made a pledge, that we are going to deal with this matter. We are going to deal with this matter. I have already spoken to the Governor of the Central Bank and I have asked him to speak to the commercial banks—we are trying moral suasion first—speak to the commercial banks about the spread between deposits and lending.

One of the things that the Government savings bonds which everybody on the UNC side seem to not understand, although it is clear as day, is that this is designed to provide a savings instrument for the little man, the little old lady with her pension, that if she manages to save part of it will go in the bank and get .5 per cent. This is designed to give them 3 per cent and 3½ per cent on their savings. It is specifically designed for the little man, for the poor man. It is not to borrow money.

As I said, we could go and borrow money from the commercial banks in the morning—we did that last week. We do not have to do that—borrowed at 3.8 per cent. We are providing these savings bonds in the seven-year bond at 3.75, so this is something designed specifically to deal with little people and to give them a just

and equitable return on their savings. [*Desk thumping*] We did not have to do it, but we are doing it because we have recognized that the spread between deposit rates and lending rates is just too large and that the return on deposits—a lot of retirees live off their savings, a lot of them, and with savings rates now down to 1 per cent and less than 1 per cent, a lot of retirees are suffering. These bonds are designed for people on fixed incomes.

I cannot understand how Sen. Mark could come in this House and say that these measures are designed for the rich; the millionaire tax that your millionaire colleagues are so upset about. It is designed for the rich, to help the rich; that is what he said. These measures in this Finance Bill are designed to help the rich. The Government savings bond which is targeted against little people, retirees, pensioners—[*Interruption*]

Madam President: Minister, you have five minutes more.

Hon. C. Imbert: I am aware, Madam President, thank you very much. I am looking at the time.

The Government savings bonds are designed to help little people, not to help rich people. It will be so designed so that there will be limits, there will be a cap. It will be structured in a way so that poor people and little people could access the Government savings bonds, not the multimillionaires, not the “centimillionaires”, not the people who earn \$300million in legal fees, not them. That is not for them, they do not need interest on their money, they have enough already. But this is designed for little people who cannot get a proper, decent return in the bank so this is a measure designed for the poor man, for the little man. The tax on millionaires is designed to extract a just and equitable taxation from people who can afford it, to help pay for social services for the poor at the lower end.

These are standard prescriptions all over the world. How on earth could a

tax on millionaires be designed to help the wealthy? What kind of maths is that? I do not understand the Opposition when they speak; they just do not make any sense, Madam President. They make no sense at all. Imagine Sen. Sturge says most businesses make \$1 million in profit a year—nonsense, absolute nonsense. These statements that are made by the honourable UNC Senator are not backed up by evidence. They are not back up by fact.

The vast majority of businesses in this country do not pay any tax at all, that is why Trinidad and Tobago introduced the business levy. That is an instrument that was developed in Mexico because you had businesses in business for 20 years declaring loss every single year. Their throughput is \$10 million, \$20 million, \$30 million, but when they come to pay their taxes, loss, every single year is a loss. And you want to know how a business can survive if every year for 20 years it loses money, it loses millions of dollars—Impossible for such a business to survive, because they are cheating. So the Mexican Government came up with the business levy, which is a tax on gross sales, so it has nothing to do with profits. So the vast majority of business people in this country do not pay \$1 million in tax, it is just a few, and these are the wealthiest people in this country and they deserve to pay their fair share to help the poor.

I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

The Minister of Finance (Hon. Colm Imbert): In accordance with Standing Order 57(2), 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 Trade and Industry (Sen. The Hon. Paula Gopee-Scoon:
Madam President, I beg to move that this House do now adjourn to a date to be fixed.

Christmas Greetings

Madam President: Hon. Senators, good morning. Before I put the question, I will now invite Senators to bring greetings on the occasion of our celebration of Christmas.

Sen. Nadine Stewart: Madam President, at 12.13 a.m. the pleasure is mine to bring Christmas greetings to this House and, by extension, the citizens of Trinidad and Tobago on behalf of the Government Benches. This is always a hopeful time as we celebrate the end of one year and eagerly look forward to another. For every one of us this merry season is an opportunity for reflection, renewal of our sense of possibilities not yet realized and restoration. We also find the time to make our own personal resolutions for a better year ahead.

Christmas as we know it commemorates the birth of Jesus Christ, an event that occurred around 2000 years ago in the town of Bethlehem in Judea. This miraculous event should always bring hope, peace and joy to our hearts as we reflect on the goodness of God in sending his only son into the world to teach us how to give the best of ourselves in service to others.

We can perhaps draw inspiration from the Christmas story on how to shape our own shared humanity with a regard for future generations as we reflect on the plight of the homeless Joseph and Mary, anticipating the birth of their child and how they were aided by complete strangers.

In these challenging economic times it is also important that we remember

those who are less fortunate and dispossessed among us, the sick, the infirmed and those without a family to share in this season of glad tidings.

This is a time when we can show gratitude for our own blessings by giving to others. By celebrating with one another the many blessings God has given us, we can help make this season bright.

A nation can be defined as the extended family of each citizen. Similarly as with any family, the citizens of this Republic have an obligation regarding the prosperity of each other and the society to which we all belong. As we all celebrate the miracle of this season, amidst all the Christmas carols, parang music, ginger beer, sorrel and gift exchanges, let us remember to celebrate faith and to celebrate family and loved ones.

Madam President, on behalf of the Government of Trinidad and Tobago, the People's National Movement and my own family, I extend warmest and holiest greetings to you and your family. Every Member of this Chamber and their families, our hardworking parliamentary staff and police officers who have been with us all year, and to the citizens of this great country, may the true meaning of the holiday fill your hearts and homes with many blessings as we enter 2017 confident in the knowledge that each of us can make a greater contribution.

I thank you.

Sen. Wade Mark: Thank you very much, Madam President. May I join my honourable colleague, Sen. Nadine Stewart, and may I, on behalf of the hon. Kamla Persad-Bissessar, Leader of the Opposition and the United National Congress, the alternative government of the Republic of Trinidad and Tobago, extend to you, hon. Madam President and your family, the Members of the Government Bench—in spite of our fierce differences—and their respective families, the Members of the Independent Bench and their respective families,

warmest season's greetings for a very joyous, happy, peaceful, crime-free and holy Christmas and, of course, a productive, positive, rewarding and healthy new year.

May I also, on behalf of the alternative government, extend our warmest season's greetings to all members of this Parliament, particularly the secretariat, the hardworking couriers and the Hansard reporters, all members of staff and their respective families.

We would also like to extend happy holidays to all our police officers who have provided protection for us during the past year. We would also like to extend greetings to the new Marshall of the Parliament and his family on this great occasion.

May I also extend season's greetings to the Clerk, the Acting Clerk of the Senate, Mr. Brian Caesar, and his family, to wish them a very happy, holy, peaceful and very wonderful season.

Madam President, 2016 has been one of the most murderous and bloodiest years in our country. We call and demand that the Minister of National Security and the Rowley-led administration to put their house in order, get their act together and do what is necessary to avoid, Madam President, a repetition of what we are experiencing.

And to the people of the Republic of Trinidad and Tobago, we know that 2017 promises to be a very challenging and difficult year, particularly for the weak, the vulnerable and the working people. Madam President, we are predicting a year full of risks and uncertainties for our nation. Let us therefore generate a new kind of spirit in an effort to ensure that we collectively overcome these challenges, risks and uncertainties, through a genuine and collective approach to the people's business.

So, Madam President, on behalf of the Opposition and our illustrious leader,

may I record our warmest greetings to every single citizen in this Republic and to wish them joy, peace, happiness good health and longevity in the New Year.

In closing I hope that the rays of the sun which will rise every morning, will continue to penetrate in a very positive way all corners of darkness which seems to be enveloping our nation.

Madam President, happy holidays to all. Thank you.

Sen. Melissa Ramkissoon: Mathew 1:23:

Behold, a virgin shall be with child and shall bring forth a son and they shall call his name Immanuel which being interpreted is God is with us.

[Desk thumping]

Thank God for his goodness and his mercy that will follow us all the days of our lives. We are here with grateful hearts and it is truly a blessing to serve our country, all of us as Senators, who are thankful for God's protection, his grace and his wisdom.

As 2016 is coming to a close and we have much to be grateful for, we have seen change, we have even seen sacrifices and we have learned from these sacrifices because we have seen the kindness of humanity, the joy of humility and love of people, and that is why we are here.

So as society keeps evolving and changing and technology is here, we are happy to be part of the Caribbean joy and live in sweet T&T. We are always here looking at the glass half full, especially on the Independent Bench. We know man will fail us, but God will never fail us. So we are looking at hope, and, as the Minister of Finance is with us today, we say we have hope that the economy will stabilize, we hope that the Ministry of National Security will curb crime, we have hope that our nation will rise to the occasion and the people will rise and stand up.

Do not be disheartened or discouraged, because God is in the midst, and we

focus on the goodness and we continue with likeminded people of goodwill. Remember that the reason for the season is Jesus Christ who was born, and is part of this goodwill, Sen. Sturge.

So Romans 8:28:

And we know that in all things God works for the good of those who love him, who have been called according to his purpose.

On behalf of the Independent Bench, we thank you for listening. We want to wish, Madam President, Mr. Vice-President, fellow Senators, all MPs, Members of Parliament as well as the Parliament staff, your families and loved ones, a merry Christmas and God's blessings on you as you start 2017 on a good foot.

To the listening public, thank you for inviting us into your homes, and through media we the Independent Bench want to wish you merry Christmas, God's mercies, God's love and his protection, and do not be weary in doing good. Merry Christmas and may you have a safe and prosperous 2017.

Thank you.

Madam President: Hon. Senators, I too wish to join in wishing all hon. Senators and the national community a happy and holy Christmas season. A central part of the Christmas story is that of the enunciation to the shepherds, an episode in the nativity of Jesus described in the *Bible* in Luke chap. 2, in which angels tell a group of frightened shepherds about the birth of Jesus. As the story progresses the angels speak to the shepherds the immortal words: peace on earth and goodwill towards men.

This too is my wish to hon. Senators and to the nation at large, that there will at Christmas time and in the new year to come peace and goodwill here in this Chamber and throughout the land. My wish is that we will remember that peace is not simply the absence of war, but the presence of understanding, acceptance and

compassion.

There have been times during this past year when like the shepherds on that first Christmas night our society has been fearful of the economy and of crime, to name but a few things. My hope this Christmas is that we in this Chamber will continue to conduct the business of passing laws and of overseeing the functions of various organs of Government, and that as we do so we will embody and demonstrate to the nation the virtues of peace and understanding and acceptance and compassion.

My wish as well is that this Chamber will become a national example of goodwill to all men, by the manner in which we conduct our debates and the graciousness with which we manage our differences. The angels' blessings of more than 2,000 years ago is an urgent imperative today, if we are to lead our country to that condition sought after in our national anthem, a nation where every creed and race finds an equal place.

I therefore wish each and every one of you and your families, the members of staff of the Parliament and their families and the entire national community, a peaceful and holy Christmas and a bright and blessed new year in which goodwill is shown to and among all men.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 12.28 a.m.