

The Minister of Energy and Energy Industries and Minister in the Office of the Prime Minister (Hon. Stuart Young): Thank you very much, Madam President. Madam President, as always, it is a pleasure to come to the Senate to contribute to the debate. And today my presence here as the Minister of Energy and Energy industries is to deal with two specific items that arise in the Finance Bill of 2021, the first being fuel liberalization and the second, the scourge of illegal quarrying and the initiatives that are being taken under this Finance Bill to deal with the scourge of illegal quarrying.

Madam President, let me say at the outset, as my colleague, the Minister of Finance, said in piloting this Bill, that with respect to the fuel liberalization, we were very careful to put in place a clause that allows us to do the operationalization of this new liberalized market when the Government is ready. And there are certain things that we are looking at so it is not going to come into play straight away, and that is first thing I would like the population to understand through you, Madam President.

Also, as the Minister of Finance and myself have discussed, we would be using some time, very briefly, to consult with other stakeholders in the marketplace because there are a number of issues that have arisen in our minds. And also, what I have come to do today, through you, Madam President, is to really set out and to try and clarify, for the previous Senator and others, what the Government's policy is with respect to the liberalization.

I had the experience of listening to the contribution of Sen. Mark and I will deal with some of his fearmongering and dog whistling at an appropriate time. But I just want to tell the citizens of Trinidad and Tobago, as usual, misinformation and contrary to what is being suggested by the Opposition, this liberalization is a proper liberalization, it is an opening up of the market. And the population will see, once it is implemented, that once there is movement in the world market, the price goes up,

the Government will retain an option for us to step in and to subsidize, if necessary, if we believe it is necessary. But as prices go down, the population at the pump will get the full benefit of that.

And to listen to some of the suggestions that there is no liberalization taking place here and to hear the usual rhetoric, but also using the platform of the Senate to put forward what are obviously some arguments of financiers and friends, that others should be allowed to import fuels into the market and not just Paria. I mean, I was not surprised to hear it at all. It continues to disappoint me as a citizen that they utilize these opportunities to come on the Senate floor and other places, put forward what their financiers are telling them to say—and I will deal with the gas station and the disposition of gas stations. I am glad to see Sen. Lyder has joined us and I will talk about what was the UNC policy just before 2015 with the disposition of gas stations and give the assurance that is certainly not going to be a PNM policy.

12.30 p.m.

So, to jump into the liberalization of the fuel market, as the country would have heard and the world would have heard, in October 2020, when the Minister of Finance, put forward the Government's policy for the liberalization, this is what we intend to do. The pillars are going to be the removal of fixed retail margins, which means, that at a pump now, when a person goes to buy fuel, they will—what we foresee is, they will see different fuel prices for the super, for the premium and for diesel. I am going to say, at the outset, that we will continue to maintain the current pricing on CNG as well as LPG. So there is no need to worry about that. But when the market is liberalized, when we go to the pump—all of us go to the pump—it is envisaged that you will see that there is no more fixed retail margin set with a price there. So, a gas station here could be a different price for the gas station down the road. One in Four Roads could be a different price to the one in El Socorro and these

types of things.

We are going to be keeping wholesale margins fixed by the Government for all liquid petroleum products. So, this dog whistling and this fearmongering and the attack on Paria that I will come to in a short while, is completely unfounded. Paria, right now, goes out to the international market. It purchases fuel at the best prices it can get. There is absolutely—under a PNM Government, there is absolutely no advantage to anyone in Paria purchasing fuel prices at anything less than the best price they can get on an open market. Once this is liberalized, you will see—we the population will see the benefits of that. Because then what Paria does is after they put on their terminalling fees, their transportation fees and a certain margin, that is then the price that is sold—the wholesale price that is then sold to the NPs and to the Unipets for distribution amongst their networks and the individual gas stations.

We are going to allow ourselves to apply an appropriate, but a reasonable tax, which is called the fuel levy. But, again, in discussions with the Minister of Finance, it is something we are looking at. As he said, above \$65 a barrel of oil on the international market, no levy is going to be charged. There are certain brackets between that, 45 to 65, under 45, that we are looking at. And what we are going to do is maintain—put in there a discretion for the Minister of Energy and Energy Industries to apply this fuel levy, if determined that it is appropriate by the Government. So, again, no need for the red herring and the fearmongering with respect to it.

The Ministry of Energy and Energy Industries, on a monthly basis, will post the wholesale market-based price of premium gasoline super gasoline and diesel, on the first day of each month. The Ministry has already put in place the infrastructure to be able to do this, and to do what is necessary to have this posted on the first day of each month. As I said, the price of, let me add, kerosene and LPG, will remain

under the current subsidy mechanism.

What the current situation is, Madam President, is that right now, the pricing is calculated using an ex-terminal price that is made up of market related prices, the freight, the rate of import duty, terminalling and distribution costs. Paria will maintain, and we will maintain some sort of pricing scheme around that, to answer the previous Senator's question as to how we will come up with the wholesale marketing price. What we are changing to now, is you are going to have a retail price and the retail margin will no longer be fixed, Madam President, for the premium, as I said, super and diesel, whilst the gross wholesale margin for all other petroleum products will continue to be fixed, there will be the introduction of a fuel levy that gives the Minister of Energy and Energy Industries the ability to fix a monthly levy that would be placed, depending on the price of oil, and that will be included in the price build-up for each liquid petroleum fuel except kerosene. But, as I said, the Minister of Finance and myself are having some discussions as to putting in there, expressly, the discretion for the Minister of Energy and Energy Industries after consultation with the Minister of Finance, to decide if it that should be introduced. But the policy right now is broken down into those tiers of under \$45, \$45 to \$65, and above 65 no fuel levy.

The wholesale price will also continue to be computed, Madam President, and published by the Ministry of Energy and Energy Industries on a monthly basis, and the proposed price build up in this liberalized environment is as follows. The retail price, which is the price we get it at the pump, will equal to the wholesale price, which is the price that will be sold to NP and Unipet plus a retail margin. And I just want to spend some time on this retail margin.

The retail margin will be determined by the retailers for each fuel service station. So, we are going to see the introduction of competition, despite what Sen.

Mark is trying to project. There is going to be competition, both at the pump, because you are now going to have, once all of the retailers, all of the gas station owners purchase their fuel from the NP or the Unipet, they can then put on a margin on it. Right now, as it exists that is capped. They cannot sell at a price above for fuel, super, diesel; over certain a fixed price. We are going to open that up. So that is the liberalization at the pump. But, one of the things—I have spoken to the Minister of Finance and he agrees and also it is the Government's policy, Cabinet's policy—is we are going to put a cap on that.

So, we want the persons, the population to understand. If, for example, they are buying fuel, say premium, at a dollar, they cannot then—we are not going to allow the gas station owners to then say, via cartel behaviour, monopolistic behaviour that can take place—we are not saying that it is going to—to then say, okay, well, let us all put a margin of \$4 and sell it to the population at five. What we envisaged is that we are going to allow the Minister of Energy and Energy Industries to put a cap on that. So it will say, okay, a certain percentage above that price can be added on, and in that way you protect the consumers. We have been having the consultations with the petroleum dealers to get an understanding of what are the percentage margins that they need to make it work. So that is part of the process that continues, which feeds into why we are saying, the Government will have the opportunity to implement. We may make further amendments down the road, before implementation, so there is no need for any panic there whatsoever.

The wholesale price would be computed, as I said, on a monthly basis. And the wholesale price is going to be equal to the ETP, which is the ex-terminal price, plus the gross wholesale margin and the fuel levy. Of course, the fuel levy, as I have said, I intend to have that discretionary for the Minister of Energy and Energy Industries, and above \$65 is not going to apply. So, this again, is another area where

you will see price fluctuation coming to the market.

So, if as happened—and I heard the previous speakers ask, well, when fuel prices, international fuel prices were low, under the start of COVID which is around April/May of last year, and fuel prices were low, and we were seeing it all over, globally—in fact, there was a day where WTI prices had actually gone below zero, and persons were paying persons, theoretically, to take the oil from the ground and just get it out. If that were to happen, you will have the benefits as a consumer at two levels. One, Paria in their importation of fuels will, obviously, be getting the benefit of lower fuel prices and then two, that will be then passed on and, of course, you will see it at the pump because we are not going to allow the gas station owners to create a cartel and to gouge out the eye of the consumer. So, there is no need for that fear.

The new wholesale price, Madam President, will include VAT, will be published, as I say, on the first day of each month. The fuel levy will be fixed when the oil price is below \$45. It will be equivalent to the surplus that is being generated on fuels at \$45, from 45 to 65, and we have a chart where we will be applying it. Above 65, there will be no application. This will be done on a monthly basis by a ministerial Order. And the previous Senator in her contribution was saying she did not think it should be fit by a ministerial Order. But the answer to that is from a logistic point of view, it has to be. You cannot come back to Parliament every month to have a debate as to what the price, the fuel price should be. But this allows the Ministry of Energy and Energy Industries, the Cabinet, to continue to monitor and if there is any need for adjustment it could be done on a monthly basis. The retail margin ceilings that we are looking at, we believe are high enough to allow for price competition during the initial stage, and these will be revised by the Minister of Energy and Energy Industries after consultation with the Minister of Finance, as necessary.

So, in a nutshell—I am trying to break it down as simply as possible—that is how the price fuel liberalization will be done to just give people an idea of the various formula that would go into the price, eventually at the pump, and just to let the population know, no amount of screaming, dog whistling, fearmongering by those on the other side or other people, the Government is not—this Government is committed to not allowing price gouging to take place, cartel type of behaviour. As I say, we are going to put in place certain ceilings, et cetera.

The other area that I have come to deal with, Madam President, before I respond to some of the misinformation and usual attempts at misleading the population that I heard from Sen. Mark, and I did not hear anyone deal with it as yet, is the illegal quarrying. I indicated when I was given the portfolio of Minister of Energy and Energy Industries that illegal quarrying is an area we are going to focus on as the Government. I begun dealing with it previously as the Minister of National Security. We are all aware that the criminal elements are involved in illegal quarrying. I recently did an aerial tour and saw exactly how this is taking place, the scourge that it is, the destruction of the environment. And in the Government's contemplation—and it is amazing to me that no previous Government took any effort to deal with it, especially when they had constitutional majority to deal with it with. But we know why, because we know that the criminal elements are well associated with certain persons in positions, and that that can have influence on nothing being dealt with. The first thing we have done, under the State Lands Act, you will see at clause 7 of this Bill, is we have increased the fines by 200 per cent.

So, I heard Sen. Mark screaming about all you are doing is increasing fines. There is not a single law-abiding citizen who would argue against the increasing of fines and penalties for illegal quarrying. So, I am not sure if that is what Sen. Mark, again, sent by their financiers, was sent here to do to attack the increased fines in

this area. But as the Government, the Government's position is, we are going after illegal quarrying. Understand fines under the State Lands Act for this are increased by 200 per cent. We also increased imprisonment to a term of 15 years and nine years respectively.

Interestingly, under the State Lands Act, we have introduced a provision now, and this is a direct attack on the supply and demand of the aggregate from illegal quarrying. We are now seeing a new section 30A being introduced into the State Lands Act:

“A person who knowingly trades in or uses material which is dug, won or removed from State Lands in contravention of this Act is disqualified from engaging in construction projects funded by the Government.”

So, to say that the Government is doing nothing, is complete fallacy. The Government is basically saying that the Government contracts, Government funded contracts, are not going to utilize the ill-gotten aggregate and other products from illegal quarrying. You cannot go further than that. I want to put the country on notice that along with the Office of the Attorney General, the Ministry of Energy and Energy Industries intends to pilot further legislation dealing with the scourge of illegal quarrying and the activities that take place on these quarries, to get to the heart of some of the loopholes that are being utilized, including by lawyers closely associated with the Opposition.

The Minerals Act, again, we have increased fines by 200 per cent and we are inserting a new 47A:

“A person who knowingly trades in or uses a mineral which is explored for, mined, processed, imported, exported, extracted or purchased in contravention of this Act is disqualified from engaging in construction projects funded by the Government.”

So, in other words, the Government is not prepared to have the product of illegal quarrying utilized in any of its projects, any of its construction projects or any of the contracts that it is involved in.

Madam Speaker, sorry. Madam President, how much time do I have?

Madam President: Sure, you finish at 12:56:42. So, you still have some time and I will give you a five-minute warning.

Hon. S. Young: Thank you very much, Madam President.

Madam President, now, briefly, to deal with some of the unfortunate type of behaviour that we see continuing, in an attempt to mislead the population. Firstly, I took serious umbrage—and I quoted it. I made a note of it—“Citizens edging dangerously to the edge.” That is how Sen. Mark started off, dog whistling, as usual, completely rejected. The population, especially right-thinking population of Trinidad and Tobago, the Government is very aware of the difficult times that we are in. In fact, you look around the world and see other countries and how they have been dealing with the COVID and the pandemic that continues. There continues to be a global pandemic.

Yesterday I was looking at what is taking place in Africa, what is taking place in India, what is taking place in some of the other small islands in our Caricom region and some of the other small islands around the world, those South America. So, we are very aware, the Government has been making very valiant attempts and efforts to deal with this. He asked about reopen—the scream was: “Reopen the economy with all social measures, reopen the economy.” Of course, on a weekly basis, the Prime Minister leads the health team and discussions are had, and the measures that are taken to protect the population—and I just want to reassure the population that we are hearing everything that is being said, but we continue to be guided by the health experts, the public health experts and the scientists in this area.

I dealt with the illegal quarrying as well. This typical flowing into the pot: “This is about raiding the country’s Heritage Fund.” I had to step back. I went and reread the Bill, again, having dealt with it before in the other place. There is nothing in here dealing with the Heritage Fund. So, again, that is a red herring that is typical. And I now want to get to two areas. A lot of the time was spent by Sen. Mark attacking Petrotrin, Paria, Heritage and, in fact, saying the Government shut down Petrotrin that was providing fuel security for the country. Madam President, complete fallacy. They continue with this. It is now three years later, trying to retain history and recreate facts. The Government never shut down Petrotrin. What the Government did was a restructuring of Petrotrin. And I am proud to say that coming out of that restructuring, you now have two entities, Heritage which deals with the exploration and production of this country’s natural resource that is oil, and you have Paria that deals with the fuel importation and distribution.

Everyone knows by now, and the country had accepted that, unfortunately, Petrotrin had become an albatross. The debt that was being carried by Petrotrin, one of the first things we had to deal with is a write-off of over \$4 billion out of Petrotrin. You never hear about that from the other side when they try to rewrite history. But, under them, they saw losses of billions of dollars on an annual basis—kept putting it in the books, hiding it in the books—until we came in. And one of the first things we had to deal with is a wipe out of \$4 billion off of Petrotrin’s books. Petrotrin, unfortunately, had reached the stage where it was weighing down and had the potential to upset the whole basket, the whole apple cart, the whole mango cart, whatever is the analogy you want to use, of the Government’s debt to equity ratio. We could not continue to carry it. What happened is a successful restructuring. Three things: Heritage, as we have seen, have been posting for the last two years of its existence, significant profits. I think the last one, if I remember correctly, was just

over \$1 billion. That is great.

Also, I want to use the opportunity, because the red herring and the misinformation was thrown out there. They want to know who Heritage is selling its crude to, and is the crude being sold on the east coast of the US and coming back down as fuel. Heritage sells its crude, whenever it has the crude available, on the open market. So every month when we get the reports and we look at the reports, I see different purchasers. It might be offshoots of Shell, it might be offshoots of Chevron and it might be offshoots of other entities international oil traders. They purchase it.

And to put on the record, once again, because at the outset we had heard former Ministers of Energy from that—from the Opposition, say that the Molo crude cannot sell. There is no international market for Molo crude. Let the population know that, right now, our crude in Trinidad and Tobago sells at a dollar below Brent. That is excellent pricing for our crude. So it is being sold at higher than WTI and just a dollar less than the Brent crude price that is traded globally. So we are getting good value for our Molo and that is reflected in what Heritage is doing. As the Minister of Energy and Energy Industries, one of the areas of focus that I have already had several meetings with Heritage on, and intend to have more is to drive the further increase of their exploration and production of oil for the benefit of the people of Trinidad and Tobago. So, contrary to the attempt to try and rewrite the history of what is going on in that industry, the Government has successfully restructured Petrotrin. Heritage is the first part.

We then heard a whole lot about: “Keep Petrotrin alive. They chose to close it down. It is a cardinal sin.” Completely false, Paria, and that you are not seeing the benefits of Paria getting the prices. And, again, they always try to work in some suggestion of possible corruption or some red herring or some smoke and mirrors.

Absolutely, none of that is true. Paria itself has been very successful, even as prices have gone up and down, they have produced profits. They still have a margin where they are making money, and they have provided, from day one—and this is something we, the citizens, appreciate. Even in the disruption of restructuring Petrotrin, you had Paria provide absolute fuel security for the people of Trinidad and Tobago from day one. It was a seamless transition. And now with the fuel liberalization, we the population will feel the effects of whatever is the global price and Paria is purchasing on the global price.

This was the comment: “Any Standard 1 student will know if you want to liberalize fuel market, you need to remove the monopoly on Paria’s importing fuel.” I want the citizens of Trinidad and Tobago to know, that comment by Sen. Mark was completely making the call for their financiers and their friends who want to get into the importation of fuel. And if that is to happen, what that does is it then makes it very difficult. Because what they want to do, is they want to hold that price there, hit the population from the time of importation, high prices to make their margin and carrying that all the way through to the pumps. This Government is not doing that. Paria has an obligation to provide fuel security, and to do so at competitive prices which is what they have been doing. A big part of Paria’s market is also the sale of fuel products up the Caricom islands. That will continue. And this call for allowing gas stations to import fuel, that is not the Government’s policy at this time. “Gas-lighting, psychological warfare on citizens and it is a hoax of the Century.” That is typical UNC Cambridge Analytical techniques and fearmongering. That is straight out from their play book, probably from Kirk.

Madam President: Minister, you have five more minutes.

Hon. S. Young: Thank you very much. Energy security has been provided, Madam President. The population sees that. They see that there has never been a disruption

to the domestic fuel supply market by Paria. Heritage is doing a magnificent job. Of course, what we have not heard is that Guaracara that houses the assets of the refinery have gone out, TTHL, Trinidad Petroleum Holdings Limited—I think it ends on the 23rd of July—for an international RFP, meaning, to the world at large, come, look at the refinery, restart the refinery. That is open to anyone and there is absolutely no one that has an inside track in that exercise under a PNM Government.

I have answered where does Heritage sell its Molo. This dog whistling and this fearmongering and this attempt to incite the population, prices never fell in Trinidad during the COVID-19 period. We never experienced lower prices, and that is exactly why we are here today, to project to the population we are going with fuel liberalization. At the point in time, the world was dealing with—and Trinidad and Tobago in particular—the COVID-19 pandemic. We did not liberalize and open up the market. But what you did have was lower prices. So what we are saying is once this is done now, we are all going to get the benefit of the lower prices. But, be aware, if prices go up, it can also mean higher prices at the pump. But as we heard the Minister of Finance, quite accurately say, right now, it is not going to affect premium. Super, I think, it is a marginal effect on super. He can deal with that in wrapping up and, of course, we are taking a decision to deal with diesel and to keep a buffer for now in any event.

Madam President, just to deal with the last thing I heard before I turned off the TV, thankfully, and made my way to Senate: “Talk in town is they intend to sell gas stations to friends, family and financiers.” I do not know if that was the talk in town that was taking place in 2015, when in a quick rush, not only was it gas stations, it was land in Chaguaramas and all of these things that we uncovered when we came in as the administration and found that the UNC—you see, they continue to make these allegations and accusations, really projecting their modus operandi, how they

conduct business. Because it is irrefutable that former failed UNC candidates got gas stations in that period. Just before the election in 2015 certain—as I said, a Senator in here got gas stations. You had Eli Zakoor as well, again, another failed UNC candidate both in Port of Spain North/St. Ann's West in 2015 getting gas station in Four Roads, and then he had the audacity to go up against my friend for Diego Martin North/East, and get a sound thrashing there as well.

But, let the population know, at the end of the day, they did this. They got prime real estate—a gas station in Four Roads that I grew up knowing that that was a gas station that was with a certain family for years. They just terminated everybody and got rid of them. That is the UNC style. That is not the PNM style. So, I just want to put the population on notice about that. So do not come here and talk about—and then there were also family members of former Ministers, sitting Ministers at the time, who had gas stations. So, do not come and try and create this cloud. This is not a place, maybe it is for your confessions of how you did your business under that time.

So, Madam President, I would like to thank you, and the Members, as usual, for allowing me the opportunity to explain these two concepts and to say what it is the Government intends to do. Thank you. [*Desk thumping*]