

*Paper Laid*

*Monday, February 02, 2009*

**HOUSE OF REPRESENTATIVES**

*Monday, February 02, 2009*

The House met at 10.00 a.m.

**PRAYERS**

[MR. SPEAKER *in the Chair*]

**PAPER LAID**

The report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Agricultural Development Bank of Trinidad and Tobago for the year ended September 30, 2007. [*The Minister of Works and Transport (Hon. Colm Imbert)*]

*Paper referred to the Public Accounts Committee.*

**Memorandum of Understanding**

**The Minister of Works and Transport (Hon. Colm Imbert):** Mr. Speaker, as discussed, we do intend to circulate the Memorandum of Understanding (MOU) between the Government and Colonial Life (CL) Financial in a few minutes. It is on its way, and I wish to have that laid as a House Paper when it arrives.

**Mr. Speaker:** As indicated by the hon. Member for Diego Martin North/East, under the item "Papers", the MOU between the Government and Clico will be laid later on.

**ORAL ANSWERS TO QUESTIONS**

**The Minister of Works and Transport (Hon. Colm Imbert):** Mr. Speaker, as you may have appreciated we have been somewhat busy in the last week or so, so I would ask that all of the questions be deferred for two weeks. Sorry.

**Mr. Speaker:** The Minister has asked for the questions on today's Order Paper to be deferred for two weeks. Like yourselves, I too, am disappointed. So, in two weeks time I am certain that the questions on the Order Paper then, would be answered.

*The following questions stood on the Order Paper:*

**Very Loud Music**

**(Contravention of Existing Law)**

1. Could the hon. Minister of Planning, Housing and the Environment state what machinery is in place to prevent persons who play very loud music, above

2. prescribed decibel levels, in their homes as well as in their motor vehicle from contravening the existing law? [Mr. R. L. Maharaj SC]

#### **Missing Persons**

3. Could the hon. Minister of National Security state the number of persons currently regarded as persons who are missing and cannot be found? [Mr. R. L. Maharaj SC]

#### **Brian Lara Sporting Complex (Tarouba)**

3. With respect to the Brian Lara Sporting Complex in Tarouba, could the hon. Minister of Sport and Youth Affairs state:
  - a) the projected cost of the entire project;
  - b) the amount of money that has already been spent on the project;
  - c) the expected date of completion of the entire project; and
  - d) the projected annual cost of maintenance of the Complex after completion of construction? [Dr. H. Rafeeq]

#### **Brian Lara Cricket Stadium**

4. With respect to the Brian Lara Cricket Stadium, could the hon. Minister of Sport and Youth Affairs state:
  - a) the seating capacity of the cricketing facility;
  - b) whether it is proposed to host regional and/or international cricket matches at the stadium; and
  - c) if the answer to (b) is in the affirmative, could the Minister give an estimated forecast of how often these matches may be played at the venue? [Dr. H. Rafeeq]

#### **Magistrates' Courts (Pending Cases)**

5. Could the hon. Attorney General state:
  - a) the number of cases that are pending before the Magistrate Courts by district; and
  - b) what is being done to reduce the backlog of cases? [Dr. H. Rafeeq]

**STATEMENT BY MINISTER****Financial Sector Reform  
(Developments in CIB and CLICO)**

**The Minister of Finance (Hon. Karen Nunez-Tesheira):** Mr. Speaker, since enunciating our policy for developing the financial sector in the 2004 White Paper on Financial Sector Reform, this Government has been devoting considerable effort towards strengthening our financial system over the last few years. As is well known to this honourable House, we have been undertaking some wide-ranging reform to our banking, insurance, pension and credit union legislation.

Late last year, this House unanimously passed a new Financial Institutions Bill—the Financial Institutions Bill, 2008—that substantially enhances the ability of the Central Bank to conduct consolidated supervision of banking groups. This piece of legislation also strengthens our risk management capability, by putting in the hands of the regulatory authorities, the power to separate the activities of financial and non-financial entities, thus protecting financial entities from contingent and other group risk.

Mr. Speaker, over the past few weeks the banking subsidiary of the CL Financial Limited, Colonial Life Insurance Company Investment Bank (CIB) has been experiencing some liquidity challenges, which came to a head late last week, when an unusually high level of requests for withdrawals placed significant strain on CIB's available liquid resources.

Colonial Life Insurance Company (Clico) and British American Insurance Company Limited, two affiliates of the CLF, have also been experiencing some liquidity challenges, which threatened to disrupt the smooth working of a domestic financial system and tarnish the strong reputation of Trinidad and Tobago's financial services sector. We have therefore moved swiftly and decisively to protect funds of CIB depositors, and Clico and British American policyholders, to deal with the liquidity challenges in all three entities, and to maintain confidence in Clico, British American and the financial system as a whole.

Mr. Speaker, as a first step I have already signed a Memorandum of Understanding between the Government and CL Financial, that provides a package of financial support with a number of conditions attached. These conditions relate to the winding up of CIB, the ordinary rationalization of assets and liabilities of Clico and British American, a change in current business model and corporate governance structures of the group.

The terms of the Memorandum of Understanding require that CL Financial dispose of its shareholdings in Republic Bank Limited, Methanol Holdings (Trinidad) Limited, Caribbean Money Market Brokers Limited and all or any other assets to meet the statutory fund obligations of CL Financial affiliates.

I would now outline some of the measures we have taken, and intend to take over the immediate and longer term, as it relates to the group.

Winding up of CIB—In this regard I wish to inform this House that the Central Bank will assume control of CIB with effect from January 31, 2009, pursuant to its powers under section 44D of the Central Bank Act, Chap. 79:02. The offices of CIB are therefore closed for business effective today, Monday, February 02, 2009.

The Central Bank and the Government are working with First Citizens Bank Limited on compiling a portfolio of deposits and matching assets, as approved by the Central Bank to be transferred to First Citizens Bank Limited so that the necessary liquidity facility can be provided to CIB customers, and orderly rationalization of assets and liabilities of Clico and British American.

With respect to Clico and British American Insurance, the strategy takes into account first and foremost, the protection of depositors and policyholders to ensure that the integrity, stability and confidence in the institutions remain intact. In examining the situation more closely, it was evident that the solution could not be one of just providing liquidity support, but had to also address what, in our view, were more deep-seated Government issues.

In doing so, it was Central Bank's view that the current financial difficulties faced by CIB and Clico had more to do with the following:

- excessive related party transactions, which carries significant contingent risk;
- an aggressive marketing strategy to mobilize funds yielding high interest rates to finance equally high-risk investments, much of which are in liquid assets, including real estate, both in Trinidad and Tobago and abroad;
- a very high leveraging of the group assets, which constrains the potential amount of cash that could be raised from the assets sales.

In addition, the entire group has also suffered from serious management shortcomings, reflected in poor governance, risk management practices, inadequate accounting systems and other such deficiencies.

In order to facilitate the discharge of the liabilities of Clico and British American, CL Financial will dispose of its shareholdings in Republic Bank Limited, above and beyond that which is required to satisfy CIB obligations, its shareholdings in Methanol Holdings (Trinidad) Limited, and any other assets within the group as may be required to meet the statutory fund requirements of the institutions.

At present, the statutory fund is in deficit. By this I mean that this fund, which under the Insurance Act, must be established to meet the obligations falling due to policyholders, cannot now meet these obligations, and this must be corrected.

The Government and the Central Bank are presently exploring with institutions such as National Insurance Board, Unit Trust Corporation, and First Citizens Bank Limited, the acquisition of a portion of the Republic Bank shares currently held by CL Financial Limited.

These institutions, over the years, have grown from strength to strength and have demonstrated by their growing profitability over the years, the ability to perform in a manner consistent with that of a strong viable institution. I wish to place on record that the Government has no intention of becoming involved in the day-to-day operations of Republic Bank. The Government is satisfied with the bank's performance to date, and has every confidence that the bank will continue to grow from strength to strength and continue to be one of the pillars of our financial landscape.

Further, the Government, through the Corporation Sole, will acquire CL Financial shareholdings in the Methanol Holding (Trinidad) Limited, the net proceeds of which will be deposited into the statutory fund of the institutions.

It is also the intention of the Government that once Clico and British American are again stable and viable, a portion of the equity will be placed on the stock exchange, thus providing for the further development of the domestic capital market.

It is only after these arrangements are exhausted that Government will provide funding support to meet any remaining deficit to cover medium and long term liabilities by Clico and British American in the statutory fund, as confirmed by the Central Bank. To the extent that this is necessary, the support will take the form of a collateralized loan facility. Let me reiterate that. As a first recourse, the Government has opted to apply the proceeds of the sales of the shareholdings of CL Financial and its affiliates to fund outstanding statutory fund obligations. It would also ensure that the group's assets are first used to meet its outstanding obligations.

*Financial Sector Reform*  
[HON. K. NUNEZ-TE SHEIRA]

*Monday, February 02, 2009*

Restructuring business model. As part of its obligations under the Memorandum of Understanding, the business and operations of CL Financial will be restructured to conform to traditional insurance business lines, as approved by the Central Bank. In order to ensure adherence that this new business model is based on sound corporate governance and risk management principles, the senior management, board of directors, and board committees of Clico and British American will be reconstituted, and the persons to fill these positions will be selected with the approval of Government.

During this transition period, the Central Bank will appoint managers to oversee the operations of these companies and make recommendations regarding changes to their structure. Let me hasten to add that the Government has no intention of getting involved in the day-to-day running of any of these companies, in which it acquires an equity interest, either directly or indirectly.

Mr. Speaker, the Central Bank has been working on a comprehensive Insurance Act for early presentation to Parliament. However, given the immediate challenges arising from the liquidity issue in CIB and Clico, and the need to expedite funding support to policyholders and depositors, Government is fast-tracking certain key changes to the Insurance and the Central Bank Acts, both of which are before this House this morning.

The Government believes that the actions it has taken will permit an orderly restructuring of the institutions and safeguard the interest of our citizens who are depositors, insurance clients, and pension fund members.

To you, citizens of Trinidad and Tobago, many of whom may have financial ties of one kind or another, to a greater or lesser degree with the CL Financial companies, I want to assure you that this intervention was necessary and timely.

It was taken to protect our financial system, to ensure that it remains healthy and that we can all, both in the private and public sector, individuals and companies alike, depend on those systems which are essential to our future prosperity.

I thank you, Mr. Speaker. [*Desk thumping*]

**10.15 a.m.**

#### **INSURANCE (AMDT.) BILL**

Bill to amend the Insurance Act, Chap. 84:01 [*The Minister of Finance*]; read the first time.

*Motion made*, That the next stage be taken at a later stage of the proceedings.  
[*Hon. K. Nunez-Tesheira*]

*Question put and agreed to.*

**CENTRAL BANK (AMDT.) BILL**

Bill to amend the Central Bank Act, Chap. 79:02 [*The Minister of Finance*]; read the first time.

*Motion made*, That the next stage be taken forthwith. [*Hon. K. Nunez-Tesheira*]

*Question put and agreed to.*

**RELATED BILLS**

**The Minister of Finance (Hon. Karen Nunez-Tesheira):** Mr. Speaker, in moving the Central Bank (Amdt.) Bill, I seek the leave of this honourable House to debate along with this Bill, the Insurance (Amdt.) Bill which is related to the Central Bank (Amdt.) Bill.

*Question put and agreed to.*

**Mr. Speaker:** Hon. Minister, before you proceed, let me indicate to Members that in debating these Bills, you can contribute on both Bills simultaneously.

**CENTRAL BANK (AMDT.) BILL**

**The Minister of Finance (Hon. Karen Nunez-Tesheira):** Mr. Speaker, I beg to move,

That a Bill to amend the Central Bank Act, Chap, 79:02, be now read a second time.

Mr. Speaker, as I have indicated in my statement to this honourable House, one of our major conglomerates has been facing challenges, and the Government and the Central Bank have put strategies in place to overcome these challenges and to maintain confidence in our financial system. Once a strategy is an enactment of legislation which will give the Central Bank as regulator, the authority to conduct on site supervision, share information with other regulators and to take prompt corrective action to protect depositors and policyholders if and when necessary.

Mr. Speaker, since its enactment over 28 years ago, the Insurance Act, Chap. 84:01 has remained fundamentally unchanged. Over that period however, the regulatory authority over insurance companies and pension funds was transferred from the Supervisor of Insurance to the Central Bank of Trinidad and Tobago. In keeping with international best practices and core principles, the Central Bank has been updating a regulatory framework governing licence and registered financial institutions, so as to maintain an effective, fair, safe and stable insurance sector for the benefit and protection of policyholders.

*Central Bank (Amdt.) Bill*  
[HON. K. NUNEZ-TESSHEIRA]

*Monday, February 02, 2009*

The insurance industry has adapted to the forces of globalization through continuous financial innovation, a blurring of the boundaries between its various subsectors, including banks, insurance companies and other institutions, and through the adoption of new structures including conglomerates and holding companies.

Mr. Speaker, another major change over the past few years has been the cross border expansion of our financial sector. Currently, locally owned insurance companies operate throughout the English and Dutch speaking Caribbean. The present international financial crisis gives a new urgency to strengthening our regulatory and supervisory system. There are many reasons for the crisis, but clearly one of them is inadequate risk management systems and lack of regulations of financial institutions, including insurance companies.

Insurance and insurance-linked activities are increasingly crossing national and sectoral borders, and technological advances are fulling the pace at which innovative instruments are being promoted in our marketplace. These innovations heightened the importance for proper risk management policies and for ensuring that insurance companies have good governance practices in place. Moreover, insurance supervisory systems and practices must be continually upgraded to cope with these developments as they emerge.

In Jamaica, the impotence for significant legislative reform was triggered by the financial crisis in the late 1990s, which cost that country approximately 30 per cent of its GDP. In light of the current global financial crisis, it is in our interest to strengthen our financial legislation and supervisory practices governing regulatory institutions. The deficiencies in the current insurance legislation have been identified, and reform of the Insurance Act is in progress. There has been industry consultations on the policy thrust for the reform and there is currently a draft Bill which is in circulation for comment by the stakeholders in the industry.

Given the antiquity of the legislation, a knock-on effect of the global financial crisis, this Government is seeking to fast-track certain provisions in the proposed Bill, in order to deal effectively with challenges in the insurance industry. The fast track provisions include provisions to enhance the enforcement powers of the sector of the financial institutions, facilitate prompt corrective action and enhance reporting requirements. As such, wherever appropriate, the selective provisions attempt to mirror those contained in a recently enacted Financial Institutions Act, 2008 and would require amendments not only to the Insurance Act, but also the Central Bank Act, Chap. 79:02.

Mr. Speaker, the amendments to the Insurance Act is considered in the first instance. Members will note that there is a preamble to this Bill and to the other Bill entitled Central Bank (Amdt.) Bill, 2009, which declares that there are provisions which are inconsistent with sections 4 and 5 of the Constitution, and as such, will require the support of at least three-fifths of the Members of this honourable House. I will discuss the Constitution issue when dealing with the specific clause of the Bill, as well as the other which is inconsistent with section 4 of the Constitution.

Clause 1 of the Insurance (Amdt.) Bill is self-explanatory. Clause 2 of the Bill provides an interpretation of the words "the Act", to mean the Insurance Act. In clause 3(a) of this Bill, there is a minor amendment to the definition section 3 of the Insurance Act, where the term "Inspector" is currently defined to mean the Inspector of Financial Institutions appointed pursuant to section 30 of the Financial Institutions Act.

Under the recently enacted Financial Institutions Act, 2008, the appointment of the Inspector of Financial Institutions is now to be found at section 7. In addition, at clause 3(b) of the Insurance (Amdt.) Bill, the terms "annuity contract" and "registrant" have been inserted in the definition section, that is section 3.

Mr. Speaker, there are two forms of annuity contracts which are generally offered by insurance companies. The first: the deferred annuity, whereby an individual makes periodic payments or contributions to the insurance company as consideration for the payment of an annuity for life commencing at maturity. Individuals investing in annuities are now eligible for deduction of \$30,000 in determining their chargeable income in a year of income.

The other form of annuity contract is immediate annuity, and provides an immediate lifetime income for individuals who are ready to retire. A single premium deposit is paid to the insurance company, which in exchange promises to pay a specified stream of income for a specified period of time. All residents regardless of age are now entitled to an exemption from tax on the proceeds of immediate annuities purchased by them.

Mr. Speaker, annuities are a vital aspect of a growing number of reformed pension systems around the world. Whereas, the main risk in annuities have been traditionally held to relate to errors in mortality and interest rate assumptions, increasingly credit and broader systemic risk have assumed greater significance. The income from annuities is guaranteed until the death of the annuitant, and

*Central Bank (Amdt.) Bill*  
[HON. K. NUNEZ-TESEIRA]

*Monday, February 02, 2009*

there has been an increased focus worldwide on the appropriate regulations of annuities. Given the growth of annuities business in Trinidad and Tobago, it is important that the Insurance Act be made to specifically apply to the regulation of annuities, in much the same way as it does for life insurance business and pension fund plans.

Mr. Speaker, the other term that will be inserted into the definition is "registrant". Although that expression is currently included in other provisions of the Insurance Act, it will be defined for the first time at clause 3(b) of the Bill to mean:

"...a person registered pursuant to section 16 of the Act"

Section 16 provides for the registration of a company, where the company satisfies the Central Bank that an application has been made in accordance with the provisions of the Act, that the company meets certain share capital requirements and is likely to be able to comply with the applicable provisions of the Act.

Clause 4 of the Insurance (Amdt.) Bill will now be examined. A new section 6(A) will be inserted after section 6 of the Insurance Act to provide for the sharing of information regarding the business affairs of a registrant or any of its affiliates, with any local or foreign regulatory agency or body that regulates financial entities.

Mr. Speaker, some insurance companies registered under the Insurance Act also have operations in several regional jurisdictions. Regulators in some of these jurisdictions are empowered to share information with other regulators. Under the Financial Institutions Act, 2008, the Central Bank can share information with regional regulators. There is no similar power under the Insurance Act to do this. The purpose of section 6A is to allow the Central Bank to share regulatory information about an insurance company with other insurance regulators. The ability to share information among regulators is an international best practice. This improves the regulatory process as it allows regulators to formulate an assessment of the risk profile of insurance companies which operate in multiple jurisdictions.

Mr. Speaker, because the sharing of information will involve disclosure of private information regarding an insurer or an insured, it is felt that this provision will impact on the fundamental rights under the Constitution regarding the rights to privacy. As such, the Bill will require a three-fifths majority.

The sharing of information is not the only matter that is important in the regulatory process. The integrity of the statutory fund which is required to be

established and maintained by insurance companies is critical for the protection of policyholders in Trinidad and Tobago.

Clause 5 of the Bill seeks to strengthen the provisions governing assets to be placed in the statutory fund. In order to protect policyholders, insurance companies are required to place assets into the statutory fund to match policyholders' liabilities. Insurance companies should maintain their statutory fund on an ongoing basis as the quantum of policyholders' liabilities changes daily. Therefore, topping up of the fund at the end of the year as it is currently practised by some companies is imprudent and exposes policyholders to undue risk.

Mr. Speaker, currently, insurance companies are required to submit quarterly returns to the Central Bank. It is proposed that a new section 37(7) be inserted so that insurance companies as part of their quarterly submissions include information on the position of the statutory fund.

**10.30 a.m.**

Mr. Speaker, clause 7 of the Bill would insert a new section 61A so as to require insurers to submit to the Central Bank quarterly returns within 20 working days after the end of each quarter.

In addition, the new section 37(7) of the Insurance Act will require companies carrying on long-term insurance business and/or motor vehicle insurance business to place assets in the statutory fund to match its liabilities and contingency reserves within seven days after the submission of the quarterly returns.

Clause 6 of the Insurance (Amdt.) Bill will now be examined. A new section 50A is to be inserted, which will enhance the capability of the regulator to conduct on-site examinations of a registrant. An additional provision, section 50A has been inserted, and is intended to afford access to the company's premises to conduct on-site examination if the regulator is physically prevented from entering the premises. The persons who will be allowed to carry out these on-site examinations will be the Inspector of Financial Institutions, a person authorized in writing by the Central Bank or a designated member of staff of the Central Bank. Where the Central Bank through its specified officers or agent is prevented from exercising the powers of intervention, an ex parte order may be sought from the High Court authorizing on-site examination.

Mr. Speaker, clause 8 which seeks to amend sections 65 to 67 of the Insurance Act will now be examined. Under the Insurance Act, there are certain procedures that the regulator can implement when serious regulatory concerns are identified.

Implementation of these procedures is carried out through an intervention process. The term "intervention" is sometimes misinterpreted as the Central Bank does not actually take physical charge of the books, records and business of the insurance company. In substance, therefore, intervention merely constitutes the giving of certain types of directions. However, intervention process is very time consuming and hinders the effectiveness of the Central Bank because of the fixed lengthy period of notice.

To deal with regulatory concerns in a more timely manner, it is proposed that the intervention process be replaced with the general ability of the Central Bank, as regulator, to issue compliance directions, which can be either cease and desist or to perform a particular action. It is also proposed that the regulator should have some flexibility in determining the notice period, although the grounds for issuing compliance directions would be similar to those currently required for intervention. Compliance directions could be issued under the new section 65 to insurers or any controller, officer, other employee or agent of the insurer, principal representative of a foreign insurer or any other person.

It is also proposed that the Central Bank should have the ability to issue an immediate compliance direction in cases of urgency, without requiring prior notification to the insurer. If an objection is raised, the inspector would consider the objection and make a decision within 20 days from the date the direction was given. Decisions of the Central Bank can be appealed to the High Court.

As part of the legislative support for the new compliance directions provisions contained in the proposed section 65, as discussed earlier, it is proposed to insert a new section 66 of the Insurance Act, which will provide the Central Bank with the power to seek an injunction from the court to take immediate action, either to compel someone to take a course of action or, alternatively, stop a course of action. This has become necessary as it is recognized that there are situations when immediate action may be necessary to protect the interest of policyholders or the financial system. The ability to seek injunctive relief would give the Central Bank an opportunity to address such issues, either as a complement to or in lieu of the usual enforcement process. The injunctive relief provision is also to be found at clause 8 of the Bill.

Mr. Speaker, clauses 9, 10 and 11 will now be considered. At clause 9, there is a simple amendment to the heading of the provision which currently reads, "Judicial Management and Winding Up"; it is now proposed to change this heading to read, "Suspension and Winding Up", as clause 10 of the Insurance (Amdt.) Bill, the existing sections 68 to 75 of the Insurance Act will be deleted

and replaced by a new section 68. The existing sections 67 to 75 enable the Central Bank to apply to the court for an order that a company or any part of its business be placed under judicial management.

The regulator's experience with this process has proven to be time consuming and costly. It is ineffective and hampers efforts to implement remedial action. Accordingly, it is proposed that the judicial management provisions of the Insurance Act be replaced by a new section 68 that deals with suspension. These provisions facilitate the suspension of a company's operations for a period of 60 days. During this time, the inspector has the opportunity to examine the affairs of the company in order to identify the appropriate course of action leading either to the resolution of difficulties and resumption of normal business activities, or the winding up of the company. The replacement of the judicial manager by the inspector allows a quicker and less costly process, since a court order will not be required to appoint a judicial manager.

It should be noted that the dollar amounts of the highest penalties in the Bill are based on the penalties for light offences in the Proceeds of Crime Act. Furthermore, the quantum of the penalties is:

- i) set at the maximum and subject to the discretion of the magistrate;
- ii) only applicable on summary conviction; and
- iii) intended to be a greater deterrent and reflect the severity of the offence in current value terms.

Mr. Speaker, with your leave, I will now examine the other Bill which is before this honourable House, the Central Bank (Amdt.) Bill, 2009.

Currently, the Central Bank can exercise emergency powers under section 44D to an institution's licence under the Financial Institutions Act, 2008. The proposed amendments seek to extend these powers to insurance companies registered under the Insurance Act. These measures would allow the Central Bank to act in a timely manner if it is determined that the financial system is in danger of disruption, substantial damage, injury or impairment.

Section 44D also gives the Central Bank the power to provide financial assistance if it considers it necessary to prevent the collapse of the institution. Financial assistance will not be extended to insurance companies. The rationale for this decision is based on the following: Failure of a systemically important financial institution can negatively impact the payment system. If this is not dealt

*Central Bank (Amdt.) Bill*  
[HON. K. NUNEZ-TESSHEIRA]

*Monday, February 02, 2009*

with in an expeditious and appropriate manner, it could lead to serious consequences for the stability of the financial system. Financial institutions licensed under the FIA are required to maintain a reserve account with the Central Bank for which no interest is approved. There is not such equivalent requirement for insurance companies. Financial institutions are also required to pay annual licence fees, branch fees and application fees to the Central Bank. There is no such equivalent requirement for insurance companies. Losses to policyholders are usually funded by policyholder protection schemes to mitigate losses.

Mr. Speaker, this Bill will impact on the fundamental right of an insurer to enjoyment of property and, as with the Insurance (Amdt.) Bill, the preamble to the Central Bank (Amdt.) Bill also declares that it must be passed by a three-fifths majority of both Houses.

A well developed insurance sector supports the overall efficiency of the financial system by reducing transaction costs, creating liquidity and facilitating economies of scale in investment. A sound regulatory and supervisory framework is, therefore, critical to maintaining efficient, safe, fair and stable insurance markets, avoiding contagion risk being transferred from one sector or jurisdiction to another, and ensuring that business and individual policyholders are protected. The Bills before this House seek to ensure this.

With this, Mr. Speaker, I beg to move.

*Question proposed.*

**Mr. Speaker:** Hon. Members, as I indicated to you before, you can contribute on both Bills. However, before I call on a Member opposite to contribute, the Leader of Government Business wishes to lay a Paper.

#### PAPER LAID

**The Minister of Works and Transport (Hon. Colm Imbert):** Mr. Speaker, as indicated earlier, I wish to lay on the Table the Memorandum of Understanding between the Government of the Republic of Trinidad and Tobago and CL Financial Limited. In laying this Paper, I wish to move, in accordance with Standing Order 15(3), that it be printed as a House Paper.

*Agreed to.*

#### CENTRAL BANK (AMDT.) BILL

**Mr. Vasant Bharath (St. Augustine):** Mr. Speaker, when I entered this hallowed Chamber, just more than a year ago, I did so with a great deal of hope, a great deal of expectation, certainly a great deal of pride and one of optimism. In

fact, in my maiden contribution to this House, I said that as we entered into this new parliamentary term, the nation was confronted with an array of opportunities and challenges of bewildering complexity in the economy, in education, in health care, in the cost of living, in traffic congestion, in the environment, in the breakdown of our local communities, the breakdown of family values in Trinidad and Tobago, but, perhaps, most disturbingly, in the deepening contempt with which the institution of Parliament is itself held.

I also went on to say that I was very hopeful that whatever the arguments we presented in this Parliament on either side of this House, that we ought to leave this Chamber together, custodians of our country, united in our very diversity, and committed to build and to lead and protect and defend Trinidad and Tobago, with the understanding that the individual happiness of all our citizens and every individual citizen must be always the first thought of our leaders.

Mr. Speaker, that was one year ago. I am afraid that it pains me to say here today that after one year I have begun to despair. I have begun to despair because our country is now in the hands of a government where the qualities of incompetence and corruption and inequality have assumed heroic and Herculean proportions. [*Desk thumping*] Indeed, my colleague from Princes Town North only last week lamented the fact that parliamentarians are perceived, on a weekly basis, to be basically "kicksing" when we arrive in Parliament, and that we as parliamentarians turn up here, week after week, to discuss, at cacophonous lengths, issues that have little or no relevance to the daily lives of the people of Trinidad and Tobago.

Today, the Bills before us that we are about to discuss are important pieces of legislation, with potentially very far-reaching tentacles into the economy, which are likely, of course, to be in existence for a significant period of time. As the Minister mentioned, the Insurance Act last came to this House 29 years ago, in 1980.

This is what makes it so disappointing for me, Mr. Speaker, that an important debate such as this the papers were presented first of all on Saturday evening—I got mine after 5 o'clock on Saturday evening for a discussion on Monday morning, and then, to my consternation, I was informed by the Clerk of the House at 9.35 p.m. last night that further amendments were being sent out via email.

**10.45 a.m.**

**Mr. Manning:** Mr. Speaker, I thank the Member for St. Augustine for giving way. In defence of the Government, I think it is appropriate for me to say that an

*Central Bank (Amdt.) Bill*  
[HON. P. MANNING]

*Monday, February 02, 2009*

emergency situation arose which came to the public domain on Friday of last week. [*Desk thumping*]

We acted with dispatch to deal with that matter that affects a large number of people in the country that legislation is required immediately and, therefore, we are seeking to deal with the legislation on the first opportunity which is Monday.

In those circumstances, the Government by distributing the legislation on Friday would have acted the best way that is possible in all the circumstances, and I wish the Member for St. Augustine will be—

**Mr. V. Bharath:** Mr. Speaker, I will discuss why it is the Government's incompetence that has led to this emergency. [*Desk thumping*]

Mr. Speaker, you can imagine my consternation at 9.35 p.m. when I received a telephone call from the Clerk of the House to tell me that new amendments would be sent out to be discussed this morning. So the Opposition has had effectively 12 hours to mull over all these amendments to the Insurance Act and the Central Bank Act to come this morning to discuss these issues, I presume, in great detail. That is the contempt in which this Government holds Members of Parliament and the country as a whole.

Mr. Speaker, it is indeed fortunate that through the medium of live television, the behaviour of this Government is beamed into everybody's living room across the country, so they have an opportunity to judge for themselves what is actually taking place.

So effectively, the Opposition has had 12 hours to prepare for this debate, but I have said before, what takes this Government weeks and months to do, we will do in a matter of hours. [*Desk thumping*] I want to assure this honourable House, that the lack of time we had to prepare will in no way dull the spirit and the strength of the responses it will get this morning. [*Desk thumping*]

Mr. Speaker, let me begin my contribution by stating categorically and unequivocally that we are on the side of the people of Trinidad and Tobago; on the side of depositors, shareholders and pension holders because ultimately, these are the people who suffer when these issues are brought to the attention of the national public. These are the people who have no control over where their money is being invested, and for the majority of them, these moneys represent their life savings.

Mr. Speaker, I wish to place this contribution in the context of what is taking place internationally, although I know that the Minister of Finance has gone to great lengths to delink the two. Almost every nation in this world has in some way been affected by the financial contagion: the United States of America has just injected \$819 billion into its system; the United Kingdom, £500 million; China, US \$600 million; Japan, 75 trillion yen, and it has just extended another 1.5 trillion yen to other Asian countries to prop up their economies. Virtually every nation in the world has now also downgraded its projections for growth. In fact, the IMF has now said that growth rates worldwide are due to plunge to about 0.5 per cent.

Confidence in the soundness of the banking system around the world has collapsed to such a degree that panic-stricken shareholders pull their moneys out of shares throughout the stock markets ensuring that the stock market plunge globally is unabated.

Millions of people across the world have lost their jobs; 500,000 jobs have been lost in the United States of America on a monthly basis. In fact, Honda only yesterday made a statement that it was going to get rid of 50,000 employees; Citibank and the Bank of America in the last few weeks have agreed by the end of March they are going to send home 100,000 persons.

Mr. Speaker, governments have fallen because of these financial crises, but we in Trinidad and Tobago are okay, we are fine, God is a Trini, we are insulated from this crisis, we are not going to be affected.

Do you know why we are not going to be affected? Because we do not export most of our oil and gas to the United States of America which generate foreign exchange; because we do not import \$4 billion worth of food which we use that foreign exchange to pay for; and we do not deal with Caricom which is supposed to be our second largest trading partner—a group of countries that rely significantly on the tourism industry which we have read in the last few weeks and the last couple of months is suffering as a result of all the other issues I talked about with regard to job losses and company closure and so forth. What absolute hogwash, that we must sit here and the people of Trinidad and Tobago must sit in their homes and listen to this hogwash that we are not affected by the global financial contagion.

Mr. Speaker, this is a Government that is in denial, much in the same way when it pegged the oil at \$70 and refused to listen to all the local and international experts and the Opposition. In fact, an article in the *Saturday Express* dated January 31, 2009 says:

“CLICO’s woes not caused by global meltdown

*Central Bank (Amdt.) Bill*  
[MR. BHARATH]

*Monday, February 02, 2009*

The international financial meltdown is not the cause of CL Financial's troubles, Finance Minister Karen Nunez-Tesheira stated yesterday.

'It has to be something else, since everyone else (other financial institutions) would be in trouble,' she said.

'You cannot extrapolate that the global crisis is the cause of CL's problems.'

'It is important that we do not come now and say that the minister and the governor have been saying that we are immune from the international financial crisis, and look at what happened at CLICO.'

Mr. Speaker, this Minister of Finance remains so totally shell-shocked from the Trinidad and Tobago insulated syndrome that she feels that if she keeps insisting that nothing which happens is of an international nature or related, it would just go away. In the face of the truth the Minister continues to feed this country with those misrepresentations. Our elders warned us many years ago that the problem with telling an untruth is when you start to believe it yourself, and others have put it differently; those who know not, and know not that they know not are to be shunned.

Mr. Speaker, I wish to advise this honourable House and the hon. Minister that she was wrong then and she is wrong now. [*Desk thumping*] In fact, according to media reports the drawdowns on Clico were due primarily to the loss in value of methanol prices as well as the loss in value of real estate.

Any A level student will be able to tell you if you have a portfolio that is invested in commodities and real estate and these items are traded across international borders, and there is a fluctuation as there is now, a downward trend, then surely your investment values are going to decline, and share prices are eventually going to decline and ultimately, your balance sheet values must decline. There is no great maths involved in that.

Let me quote from another article written in the *Sunday Express* on February 01, 2009 with whom the Government claimed it entered into a MOU which was just delivered and on which I will speak in a short while. Under the headline "Duprey's dark days":

"Duprey said a mix of factors—the global financial crisis and the dramatic fall in methanol and real estate prices—created the perfect economic storm which broad-sided the family-owned conglomerate. Another source close to the situation said the 90 per cent tumble in methanol prices led to a loss of over US\$100 million in dividend payments last year.

He said many of their international lenders, also reeling from the impact of the global recession, were cutting critical lines of credit.”

Those were the words of the gentleman with whom the Government has entered into a memorandum of understanding on the basis of the cash flow problems.

Mr. Speaker, this Minister is speaking on behalf of a government that has several positions on this matter. Every Minister you talk to has a different position; in fact, on November 30, 2008 the Prime Minister in his belt tightening address to the country referred to the global financial crisis and stated that Trinidad and Tobago, like all other countries, is feeling the effects of this ongoing situation particularly through the loss of revenue. We must adjust, and after careful and deliberate consideration, we have decided on a way forward for our nation, and then he proceeded to lay out a series of measures of how the country had to tighten their belt and so forth.

On January 14, 2009 the Prime Minister had this to say to this honourable House. I quote:

“As the world economy continues to worsen, Trinidad and Tobago is increasingly experiencing its negative impact. The evidence can be seen in the following:

- the weakening stock market activity of the last quarter;
- a discernible softening in the real estate market;
- a reported decline in retail sales during the Christmas season;
- the postponement of some private sector investments because of the adverse market outlook;
- the continuing temporary closure of the plants in the domestic energy sector; and
- the postponement of new plants in the energy sector which were carded to begin construction this year.”

These were the words of the hon. Prime Minister in this honourable House on January 14, 2009.

Mr. Speaker, in the *Guardian*—and I am pointing out the inconsistencies which I will tie to another point in a short while. In the *Trinidad Guardian* of

*Central Bank (Amdt.) Bill*  
[MR. BHARATH]

*Monday, February 02, 2009*

January 08, 2009 the Minister of Finance, under the heading “Karen warns of social instability”, had this to say:

“Citizens are being warned of threats to social stability as the Government moves to make further budgetary cutbacks as a result of the continuing global crisis.”

The Minister indicated this during yesterday’s post Cabinet news conference at the Office of the Prime Minister. But of course, not to be left out, enters the Minister of Energy and Energy Industries who has been over the last few months making pronouncements. I think he wants to come back to finance because he keeps making all these statements on the finance ministry.

**11.00 a.m.**

The Minister of Energy and Energy Industries, Mr. Conrad Enill, not to be left out of the fray, on January 22, 2009 in a *Newsday* article headlined: “TT in no Economic Trouble”—I quote:

“Energy Minister Conrad Enill said Trinidad and Tobago is not in any economic difficulty and the Government’s decision to go into temporary deficit financing will not harm the economy as the world financial crisis continues to unfold.

Stating there was no divergence of views between himself and Finance Minister Karen Nunez-Tesheira about state of the economy, Enill said that the Government does not pronounce on matters in which it is involved.”

Well, he just did.

“In terms of economic matters, he said, pronouncements are made by external agencies such as the International Monetary Fund (IMF) and the World Bank.”

Although this is very strange to me because the Prime Minister has made several statements on the economy; the Minister of Finance has made and continues to make, several pronouncements—although at times they are at odds with each other—on the economy. This is the same Minister of Energy and Energy Industries whom you will remember late last year advised that reductions in revenues did not necessarily translate into a reduction of expenditure, but in reduction of savings in Trinidad and Tobago.

So these conflicting views and contradictory statements are very reminiscent of the budget of last year only a few short months ago, when, if you remember, there were three different calculations for the budgeted oil price proffered by three different Ministers of Government; three different methods of calculations as to

how they arrived at the \$70. What this indicates and what this continues to indicate is that this is a government in total disarray, stumbling from crisis to crisis without any coherent, cohesive and any meaningful plan to get this country out of any mess it may already be in.

I have gone to some length and a great deal of trouble to highlight these issues because it is important. In fact, it is critical in any economy, but more so one that is tottering on the edge of collapse, that there exist the basic values of trust and confidence in the economy. In fact, all financial markets are based on confidence; all across the world. All financial markets are based on confidence.

The entire edifice of capitalism is based on capital, which is really just another word for confidence. Wealth is created by those who have capital and confidence and are willing to expose it to risk. If they are convinced that the risk is little they will invest, but if they believe that you are bluffing, they panic and when they panic, wealth is destroyed a lot quicker than any confidence can build wealth. Thus it is possible that any loss of confidence in a government or a country, by extension, can produce an economic crisis that justifies that loss of confidence and leaves the country vulnerable to what economists refer to as a self-fulfilling speculative attack. That is what it leaves a country vulnerable to.

Therein lies the crux of the problem in Trinidad and Tobago. This Government has now run out of all answers; it has lost all goodwill of the people and in every respect has lost its way. [*Desk thumping*]

**Mr. Ramnath:** Very poor leadership.

**Mr. V. Bharath:** I would like to turn my attention to the issue of Clico, which I am sure will be of great concern to not just us in this Chamber, but to all citizens of Trinidad and Tobago. The Governor of the Central Bank—and it was highlighted by the Minister of Finance—effectively said in his address on Saturday as quoted in the *Guardian* of Saturday, January 31, under the headline: “Don’t take advantage of CIB/Clico’s problems”, and I quote:

“There is no doubt that the increase in CIB withdrawals and the nervousness seen at Clico have something to do with the depositors’ concerns about the impact of the sharp decline in methanol and real estate prices on CL Financial’s overall financial situation.”

*Central Bank (Amdt.) Bill*  
[MR. BHARATH]

*Monday, February 02, 2009*

He went on to say that there were other things that caused it. One was, as the Minister said, excessive related-party transactions which—and this is important. He noted:

“...that the high level of concentration (of these related-party transactions) is not specifically prohibited by the present legislation.”

He also talked about the aggressive high interest policy that Clico pursued and, of course, a very high leveraging of the group’s assets. What is important here is that the Government of the Central Bank went on to say:

“In our regular monitoring of CIB, and of Clico since 2004 (when insurance supervision was transferred from the Ministry of Finance), the Central Bank has consistently focused on these deficiencies but have been stymied by the inevitable challenge of change and by inadequacies in the legislative framework which do not give the Bank the authority to demand these changes.”

The question then is: If the Central Bank was aware of these deficiencies since 2004—and this is why I made the point to the Prime Minister earlier when he said he acted in the face of an emergency. If the Central Bank was aware of these deficiencies since 2004—and according to the Central Bank Governor—and were constrained to act because of a lack of legislation, did he not inform the Government since 2004 that these were his challenges? And if he did inform the Government, as I suspect he may have done, why did it take the Government five long years to bring this legislation to Parliament? Why did it take five years, if the Governor himself said that they knew and they were aware of these deficiencies since 2004? Why did it take this Government five years to do that?

In fact, the Governor of the Central Bank would also have been aware that Clico’s issuer credit status was downgraded since August of 2008. A. M. Best downgraded Clico’s issuer, and let me say why: A. M. Best claimed that it was as a result of continued high exposure to affiliated investments; exactly what the Governor talked about in his release.

So, effectively what the Central Bank Governor is saying in his release is that this situation could possibly have been prevented if the Government had acted responsibly and in a timely fashion, rather than at this last moment, after the horse has bolted. This is why we are here today, having received documents Saturday night, Sunday night and this morning! This is why this has become an emergency. This is what good and bad governance is all about. It is when you are able to plan ahead or you are not able to see because you just do not have the vision to do it.

In fact, the Minister of Finance in her budget presentation spoke of the critical importance of Trinidad and Tobago tightening its regulatory regime for all financial institutions. Let me quote:

“And for all financial institutions, banks and insurance companies, the message is the need to put in place adequate risk management strategies to protect from adverse developments.”

That was in September of last year; that was another five months ago, when all of this was going on and they knew about it. But that was never done. None of those regulations were ever put in place. So that Clico continued to collect deposits from unsuspecting members of the public simply because the Government failed to implement the necessary legislation. It is as simple as that. The Government was aware that poor people in this country were lining up to go into Clico day after day, putting their life savings. We have Members of this House who have deposited large sums of money and we have poor people outside there who have deposited money for years in Clico; no protection for these people.

This leads me, of course, to the billion-dollar bail out package that this Government is now proposing and now trying to rush through the Parliament. The bail out will presumably fall under section 44D of the Central Bank Act which:

“...provides such financial assistance to companies which carry on the business of banking or business of a financial nature as licensed under the Financial Institutions Act...”

According to the bail out package, as reported in the *Saturday Express*, January 31, 2009, it says that:

“The Central Bank has taken control of CLICO Investment Bank (CIB) and by next week the assets and liabilities of CIB and another subsidiary, Caribbean Money Market Brokers (CMMB), will be transferred to the State bank First Citizens.”

This is what the Minister said. They are also going to:

“...take an equity (shareholding)...and British American Insurance in return for an injection of cash to help these companies protect depositors and policyholders.

CL Financial will also give up its 55 per cent stake in Republic Bank Ltd (worth billions of dollars)...”

The Government will also gain control of Republic Bank shares through the National Insurance Board and CL Financial energy firm, Methanol Holdings, will

*Central Bank (Amdt.) Bill*  
[MR. BHARATH]

*Monday, February 02, 2009*

also be assumed by the Government. What is important here is the fact that it says:

“Neither Government or the Central Bank would say how much the bailout amounted to.”

That is why we are here today: “How much the bail out amounted to”. That is the instructive line in this release.

The Government is coming here to ask for Opposition support on this Bill when we have absolutely no idea what we are buying into; we have no idea what we are discussing with regard to the bail out; we have no indication what the values are. In fact, only five minutes before I stood up to speak, this document, “Memorandum of Understanding” was circulated. It talked basically about the same issues that the Minister mentioned. Everything basically has been reported in the press. This is nothing new for us. What it does not tell us is how much, which is what is important. How much money are we talking about and where is that money going to come from? We do not know!

This Government is asking us to buy “cat in bag”, as we say in Trinidad and Tobago. We have no idea what it is.

**Mr. Ramnath:** And Calder Hart holding the bag?

**Mr. V. Bharath:** Well, that is another issue. In fact, I read with concern on another article over the weekend, where it was declared that the top brass of Clico were in conference over the weekend working through to work out valuation of the company’s assets and this is of great concern to me, because I would have thought that the value of the assets would have been worked out before the bailout programme was put in place. How can you put a bailout programme and you do not know the value of the assets? You have no idea. It seems that it is the other way around.

The other issue is: Why is it that the Clico employees and top brass are working out the valuations and not an independent firm of valuers? I am only asking the questions because these are the questions that the country needs to have answered. We just do not know.

When the American President and the British Prime Minister put together their bail out packages, they had to go to their respective parliaments and seek their support. They did not just come and drop a piece of paper on them in parliament just so and say, “Here, take that”. That is what a mature society does;

mature governments do. They came with numbers and they came with a view to persuading their parliamentary colleagues that they were acting in the best interest of the country, and their parliamentary colleagues were able to sit back and assess the information and make a decision and vote on it. We cannot vote on this. This is done! This is finished! We cannot vote on this.

Do you know what is astounding to me? This Government, based on its track record of corruption and squandermania, is coming here to ask us for effectively what amounts to a blank cheque. Can we really afford, based on their track record, to just say, yes, go ahead, give them a blank cheque; a government that has spent over \$200 billion in seven years and taken this country from prosperity to poverty, yet again? [*Desk thumping*]

**11.15 a.m.**

As my colleague said, from riches to rags, yet again and has demonstrated an ineptness and inability to manage this country's finances causing an inflationary spiral and pauperizing vast sections of our community and country. A Government that has set up special purpose companies to bypass legitimate tendering procedures and structures that were put in place to protect the public purse. They want us to give them a blank cheque. They are coming here for us to buy "cat in bag" and give them a blank cheque. I say no. We cannot in the absence of information give a carte blanche assurance that we would support this bailout package. We need to have information.

I cannot believe that even the most partisan of PNM supporters will agree to this measure. You must remember that many of these people had their money in Clico and other institutions such as this.

**Mr. Ramnath:** Ministers took out theirs.

**Mr. V. Bharath:** That is another story. In this respect and with regard to this point, I propose and recommend to this Parliament that any future bail out package be brought to Parliament [*Desk thumping*] on a timely basis to be debated and subject to the highest levels of scrutiny.

Who is to run these new organizations? From where are these people going to come? The country needs to know. Are we to see the re-emergence of the PNM's treasurer who resigned a few months ago? What was his role at the press conference? He is not affiliated as far as we know with the Central Bank or the Government or Clico. We do not know but these are questions that need to be answered. Maybe, when the Prime Minister speaks he would elucidate on these matters.

*Central Bank (Amdt.) Bill*  
[MR. BHARATH]

*Monday, February 02, 2009*

How are we to control the funds that are being administered to these organizations? What is the structure? What is the process? How are we, as parliamentarians, going to ensure that these funds are administered appropriately with proper oversight? This is taxpayers' money.

In bailing out stricken American corporations, President Obama introduced strict measures to ensure that the funds that were being disbursed to these corporations were being used for the purposes for which they were distributed. He said that any assistance to the financial system will be accompanied by unprecedented transparency, rigorous oversight and clear accountability, so taxpayers would know exactly how their money is being spent and whether it is achieving results. That is what President Obama said recently. Every country that has introduced a bailout package or a stimulus plan has been able to quantify it and quantify in terms of the amount, time frames and the purpose. In the United States of America, we are aware of how much money was pumped into AIG, Citibank and Bank of America.

In the United Kingdom, we are aware of the extent of support given to companies like Northern Rock, Bradford and Bingley and the Royal Bank of Scotland. It is the same in Japan, Korea and Continental Europe. Their citizens were aware of what the bail-out plan entailed. President Obama was able to say categorically that the bail-out plan will cost American taxpayers \$700 each. They were able to quantify it. In Trinidad it is a big secret like everything else. Who gets government house is a big secret. Who gets state brief or what those state briefs are, is a big secret. Scholarship is a big secret. It is a government of secrecy. Everything that this Government does is shrouded in a cloud of mystery.

The issue we must grapple with regard to Clico, is could this bail-out have been accomplished in any other manner or instrument or mechanism? The Minister of Finance suggested and made certain allegations—I am not sure if she would be able to make those outside this parliamentary Chamber—and alluded to the fact that the mismanagement was so significant that the statutory fund was so depleted, that they could not have lent a line of credit to Clico. That was the suggestion. I come back to the point that I was making earlier. Where was the regulatory framework for the last four years when the Statutory Fund was being depleted? Where was the inspector? Where was the Central Bank when all these things were happening? Where were they if that was the case?

I am saying and putting on the table: Why is it that in the absence of any information or proof from the Minister, this company could not have been given a

lifeline of credit? [*Desk thumping*] From all intents and purposes and the information that I have read, it is an asset rich organization, but cash strapped for the moment as many other organizations are. Could there have been another route, or is there another reason the Government wanted to take control of the assets of Clico? Why was there such indecent haste to acquire 88 million shares in Republic Bank amounting to 55 or 57 per cent of the shares in Republic Bank?

Why was there such indecent haste to acquire 23.1 per cent shareholding in One Caribbean Media as well as control of Methanol Holdings? If you were really looking after the shareholders of Clico, why not give them Republic Bank's shares in return. Why not call them in and tell them that you will give them Republic Bank's shares for their deposit? That would be the end of the story. [*Interruption*] It would appear to be madness to you because you are only able to think on a certain level. [*Desk thumping*] The point is that would have been a clean transaction. Is it that the Government wants to control the banking and finance sectors? Is it that we would now be looking at a national bank system? Is it in control of FCB, Republic Bank, CMMB, Clico, and British American?

While we are looking at that, how is it that the Central Bank is involved in the operations of CMMB? They must fall under the Securities and Exchange Commission, not under the Central Bank. As far as I am aware, they have no authority to be dabbling in the operations of CMMB.

As one of my colleagues stated earlier, if the shares of Republic Bank are to be vested through the NIB as one of the organizations, are we to expect Mr. Calder Hart to be running Republic Bank? I do not think the country would be too happy, based on the revelations of the UdeCott enquiry, to know that this is what the Government may be planning. Is this what the Government is planning when it said that it will be involved in placing people, but it would not be directly involved in placing people in these organizations?

What about the majority shareholding in One Caribbean Media, owners of the *Express*, TV6 and 10 radio stations across the Caricom region? Is it that the Government intends to use these media houses at their disposal to continue to spread government propaganda, as it does on Channel 4, CNMG and the Government Information Channel? I wonder if their intervention in TV6 and the *Express* would mean that these organizations would start losing money rapidly as their other investments in the media.

The hon. Prime Minister is on record as stating that the many radio stations and television stations in Trinidad and Tobago have been very disrespectful to

*Central Bank (Amdt.) Bill*  
[MR. BHARATH]

*Monday, February 02, 2009*

him and the Government and has not pursued a pro government agenda. We know that that came against the backdrop of the Prime Minister storming into a radio station in Trinidad. I was told that he had one side of his head trimmed and went in half trimmed in his eagerness to get there.

**Mr. Manning:** What did he demand?

**Mr. V. Bharath:** We do not know what he demanded. That was also a secret. What we do know is the outcome which is that these two DJs were suspended from duty. I think that they were eventually dismissed.

**Mr. Manning:** They were reinstated.

**Mr. V. Bharath:** I would have been extremely disappointed as a fellow Member of Parliament and a citizen of Trinidad and Tobago, if the Prime Minister would have taken it upon himself to stoop to that level to ask for two DJs to be dismissed. I am glad that you are in a position to say that that was never the case.

**Mr. Speaker:** Hon. Members, the speaking time of the hon. Member for St. Augustine has expired.

*Motion made,* That the hon. Member's speaking time be extended by 30 minutes. [*Mr. R. L. Maharaj SC*]

*Question put and agreed to.*

**Mr. V. Bharath:** Thank you, Mr. Speaker and my colleagues. Will the Prime Minister be willing to give an undertaking on behalf of himself and his Government and an unambiguous guarantee that he and his Government will not interfere in any way with the editorial policy of TV6 and the *Express* newspaper? Anything else will be construed as a preparedness to tinker with the reporting of news and would constitute a sharp incursion in the constitutionally guaranteed freedom of the press.

Much as we support the bail out of Clico because of the shareholders involved—[*Interruption*] “Yuh know what comin?” Guilty conscience! [*Laughter and desk thumping*] They know exactly what I am going to say because it is on their minds, but they dare not talk about it. Much as we support the bailout of Clico and the shareholders of Clico, we also support the bail out of another group of shareholders and depositors in Trinidad and Tobago. [*Desk thumping*] We lament the lack of action on the part of this Government to deal with a set of depositors who stand to lose millions of dollars of their life savings in Trinidad and Tobago.

**Mr. Parsanlal:** Why did you not say that before?

**Mr. V. Bharath:** I did. It is on record in *Hansard*. Go back and look at *Hansard*. I refer, of course, to the shareholders and depositors of the Hindu Credit Union who have been waiting in limbo for several months for some word of comfort from this Government on the status of their money.

The Government can sit in emergency within 12 hours to determine the fate of the shareholder of the Hindu Credit Union. We are doing it here for Clico's shareholders. I am not against bailing out Clico's shareholders or any institution in Trinidad and Tobago because they do not have control over where their money is invested. But where is the equity?

**11.30 a.m.**

Let me state categorically that I hold absolutely no brief for the management or the principals of the Hindu Credit Union (HCU). My only concern is, as in the case of the Clico bail out, for the shareholders and depositors of HCU. I am aware that the Government's stock response will be that it does not fall under the aegis of the Central Bank. The point is that the CLICO bail out is a government policy decision; this is not a Central Bank decision. That is absolutely clear and, therefore, there should be a similar government policy decision to deal with the shareholders of the Hindu Credit Union.

In the *Business Guardian* of Saturday, January 31, 2009, under the heading "Nunez-Tesheira: We will weather the storm", this is what the Minister of Finance had to say:

"In order to protect the interests of our citizens, the Central Bank and the Government of Trinidad and Tobago have maintained our commitment to maintain the integrity of the financial sector as a whole, and thus protect the interest of each of our citizens and our business community, whether it relates to savings, investments, loans and insurances, or any kind of financial trust...

The Government supports the intended action of the Central Bank which we believe will permit an orderly restructuring of the institutions and safeguard the interests of our citizens who are depositors, insurance clients and pension fund members.

...it is geared to protect, to the greatest extent possible, the jobs and hard earned money of our citizens..."

*Central Bank (Amdt.) Bill*  
[MR. BHARATH]

*Monday, February 02, 2009*

That is what the Minister said on Saturday. Are the moneys of the HCU depositors not hard earned? How can the Prime Minister of all the citizens of Trinidad and Tobago, of all of the interests of all the citizens sit here, preside over a Cabinet that displays this type of what appears to be prejudicial behaviour and hope to gain the trust and confidence of all of the people of Trinidad and Tobago? What we have is a disparity of interest. We have inequity in the treatment of people across the board and this appears to be a major indication.

This matter apparently now sits with the Member for Tobago East. On Saturday, again; all very recent, under the headline:

“Dumas: Take HCU liquidation to court.

Minister of Labour Rennie Dumas has advised the Hindu Credit Union to seek redress from the court because it was outside his power to grant a ‘stay’ to liquidation of asset proceeding which was taking place.

...Dumas said; ‘according to the law as I saw it there was no expressed provision in the statute that allows me to have jurisdiction over that.’

Dumas said this was a real and legitimate concern because if the assets of the Hindu Credit Union are sold before the appeal then the entity—HCU could be destroyed.”

These are the words of the Minister. Effectively, we are rushing to bring legislation to protect one group of shareholders and, on the other hand, we are saying to the others: Go and fight your own battles. Go to court. Drag through the court for the next 10 years and, whatever the outcome, that is the outcome. That is your business. There is no legislation to protect those people.

Mr. Speaker, the shareholders of the HCU are not asking for charity. They have put forward several proposals asking for an opportunity to be in a position to rescue their money one way or the other. The ordinary man-in-the-street who has invested in the HCU, all they want is their money back.

**Mr. Manning:** I thank the distinguished Member for St. Augustine for giving way. Why is it that the Government of the United States did not bail out Lehman Brothers and Bear Stearns, but bailed out AIG?

**Mr. V. Bharath:** Hon. Prime Minister, if you had read the subsequent reports on that, you would have seen that they are now suggesting that they made a mistake. The United States government is now saying that it was a mistake not to

bail out Lehman Brothers because that was the start of the collapse. Had they done then what they are doing now, they may not have been in that position today. I know your colleague is trying to suggest that AIG created systemic risks and the others did not and subsequently the same applies to the Hindu Credit Union, but that is not the case.

You cannot say that the HCU does not present systemic risk. We are talking about 100,000 persons, who have had their life savings in there, on the breadline. That will impact on the purchasing power of this country; all the little shops and groceries and everything else. It does have systemic risk.

As I said before, I hold no brief for the management of the HCU—this is not my intention—but I have in my possession a letter from the Hindu Credit Union written to the hon. Prime Minister on July 21, 2008, seeking, in much the same way that CLICO is doing now, “an urgent intervention of the Prime Minister to assist the HCU in grappling with our exacting and demanding situation”.

I will not read the contents of the letter which is obviously confidential, but Mr. Harnarine concluded his letter by saying:

“...my simple request is that all parties involved act with dignity, with honour and with the best interest of the financial sector at heart.”

That is what we are here to do today—to act in the best interest of the financial sector.

The Prime Minister responded on July 25, 2008, where he directed the correspondence to the hon. Minister of Finance, Karen Nunez-Tesheira. From my information, that is where the matter rests currently. I reiterate my earlier position, as stated in Parliament when I spoke on the Financial Institutions Act, which the Minister of Information denies took place, but it is in the *Hansard*. It is that the failure of this Government to properly regulate the industry has resulted in the possible loss of lifetime savings and significant hardships to those depositors of the HCU, many of whom are in the twilight of their years. By failing to act appropriately, this Government has cemented the death of the dreams, hopes and aspirations of thousands of our citizens, most of whom are ex-Caroni (1975) Limited workers.

In light of the unprecedented events evolving before us that have taken place over the last few days, this Government can no longer wash its hands of its responsibility and its liability to the shareholders of the HCU unless it wishes to be accused of orchestrating the collapse of the credit union for political purposes.

*Central Bank (Amdt.) Bill*  
[MR. BHARATH]

*Monday, February 02, 2009*

I, therefore, once again, renew my call for the Government to make good all losses incurred by shareholders of the HCU who, like the Clico shareholders, would have deposited their money into an organization in the firm belief and knowledge that such an organization was being properly regulated by the responsible authorities. That this was not so is absolutely no fault of these depositors and they should be reimbursed forthwith for the Government's lack of oversight in this matter.

As has been mumbled on this side of the Bench over the last half an hour or so, we have been reliably informed that several large investors, including a current Minister of Government, were alerted of the possible failure of the Clico Investment Bank, and as such were in a position to place themselves in a favoured position to withdraw their funds. Our concern on this side of the House, at this point in time, is for the small man; the man-in-the-street who supported Mr. Cyril Duprey in building his group of companies, his empire, when the moneyed class was not of his colour.

Those are the small people who helped build the Clico empire, in an uncertain financial climate like we are faced with. These depositors are even more at risk now than they would ever have been in the past, particularly in light of the fact that, as we know, many of them have injected their entire life savings into the Clico group. Of course, the public is understandably concerned, as we all are. There is just not enough information and, obviously, a lack of information leads to fear and then to panic. This is predictable.

The passage of the legislation today is one step toward alleviating the situation, but the other steps must include and must require a direct intervention and involvement by the Government in developing a way forward out of this emerging storm. We cannot deny that the storm is coming. The signs are all there and we have already seen the first casualty. What has been surprising and of major concern to us is that the casualty is the size that it is.

What is required, therefore, to restore confidence in these companies and the economy generally is a deliberate policy of transparency and openness; the development of consensus, something that this Government, as we know, is famous for avoiding. I am of the view that the damage done to the reputations of these viable firms is as a direct result of the incompetence on the part of this Government in not pursuing the requisite legislation required to protect depositors and shareholders in a timely manner.

Even now, there are outstanding pieces of financial legislation required to update the existing financial framework that the Government needs to treat as a

matter of priority. The employment fallout from the current crises, which I am sure my colleague, the Member for Oropouche East, will talk on at great length in due course, needs urgent attention as the multiplier effect of job losses is ultimately the weakening of the economy and will lead no doubt to social ills in our country.

I know the Government loves to spend money on public relations, but it now needs to do a serious exercise of alerting the country of the developments before us as we deal with this financial contagion and crisis upon us. Mr. Prime Minister, I humbly suggest that, as has been done in the United Kingdom and in the United States, you assemble a team of experts of the great and the good to help this Government fight this financial crisis. I stand ready to assist in any way I possibly can. There is no shame in admitting that all of the expertise does not reside within your Cabinet.

I conclude by quoting the words of John Maynard Keynes, who many regard as the father of economics, when he said, of the depression of the 1930s:

“We have involved ourselves in a colossal muddle, having blundered in the control of a delicate machine, the working of which we do not understand.”

Unfortunately for the people of Trinidad and Tobago, for the moment, we are saddled with a team of amateur mechanics attempting to fine-tune the engine of a luxury Rolls Royce, but with only the capabilities to be able to look under the bonnet of a Ford Cortina.

I thank you very much.

**11.45 a.m.**

**The Minister of Works and Transport (Hon. Colm Imbert):** Mr. Speaker, let me begin with the last sentence of significance uttered by the Member for—you have been out of this place for so long, I forgot—St. Augustine. The Member for St. Augustine told us in this honourable Chamber that he stands ready to assist. The first assistance that the Government would request for the Opposition is that you support the Bills, because throughout the Member’s contribution, I believe he spoke for about an hour, at no time did we on this side get any indication whatsoever of the position of the UNC with respect to the matters that are before the House. I would have thought that the speaker on the Opposition side would at least have given us a signal as to what is the UNC’s position, with respect to an Act to amend the Central Bank Act, Chap. 79:02 and an Act to amend the Insurance Act, Chap. 84:01. The Member spoke for 60 minutes and we do not have a firm position from hon. Members opposite. [*Interruption*]

**Mr. B. Panday:** And you will not get it until the end of this debate.

**Hon. C. Imbert:** Okay, the Leader has spoken. [*Interruption*]

**Mr. B. Panday:** That is what this debate is about!

**Hon. C. Imbert:** You are going to play cat and mouse with us. [*Interruption*]

**Mr. B. Panday:** No, we are in a debate.

**Hon. C. Imbert:** All right. Mr. Speaker, if one looked at the utterances of Members opposite from Friday to now, it was the very Member for St. Augustine who addressed the media indicating: "We have no choice but to support these Bills." That is what he said. I heard him myself. I wonder if that is the same position that his side will adopt in this House today.

Mr. Speaker, it would be remiss of me not to remind this Parliament, Members opposite and the national community who would be watching live broadcast why we are here today. We are here today to debate and pass two critical pieces of legislation: amendments to the Central Bank Act and amendments to the Insurance Act. Let me correct the record. The Member for St. Augustine complained about the short time available to prepare for this debate. The Prime Minister corrected him.

Let me give some details. When we adjourned on Friday, as Leader of the House, I gave an undertaking to hon. Members opposite that we would, on Saturday, send to them copies of the draft legislation that would be deliberated upon by the Legislation Review Subcommittee of Cabinet on that very day, Saturday, just two days ago. True to our promise, we passed on the necessary draft Bills, which were delivered to hon. Members opposite on Saturday afternoon. That is my information. I can say without fear of contradiction that we sent them off to the Parliament and we were advised by the Clerk that these were delivered to Members opposite on Saturday afternoon. The Legislation Review Committee met, considered the Bills clause by clause and came up with certain amendments. And I had given a further undertaking that if we amended the draft legislation, we would send the amendments to hon. Members opposite and that was done on Sunday. Not only were the amended Bills sent to hon. Members opposite, we also sent a comparative analysis of the differences between the original Bill and the amended Bill and also certain explanations, with respect to the Bills themselves.

Today, in this honourable House, two tables have been circulated for the benefit of Members opposite and Members generally, giving a critical analysis of

the actual clauses themselves, indicating the purpose, intent and philosophy behind the clauses in the Bill and the amendments that we are seeking to the Central Bank Act and the Insurance Act. I dare say, in my 17 years that I have been in this Parliament, no Opposition has been given this level of cooperation, disclosure and assistance by any administration. It is incorrect for Members opposite to say that we have not bent over backwards to advise them on what had transpired.

You have to realize this matter was only dealt with on Friday and by Saturday they received draft copies of the legislation. By Sunday they got the amended versions and now they have gotten a critical explanation of everything in this Bill, so that they would get a proper understanding of what we are about. I just want to correct the record, lest people feel that hon. Members opposite do not have information with respect to the matters before the House.

Let me now deal with the Bill. If one goes to the table that has been circulated to Members opposite—I would deal with the Central Bank Act first—and if one looks at the amendments that have been made to section 44 of the Central Bank (Amdt.) Act, one would see in the explanation that the Central Bank can only exercise emergency powers with respect to institutions licensed under the Financial Institutions Act (FIA).

The amendment that is proposed seeks to extend these powers to insurance companies registered under the Insurance Act. That is one of the fundamental changes that we are seeking to make to the Central Bank Act. Currently, the Central Bank can only exercise emergency powers, intervene, suspend operations and take whatever action is necessary to deal with a crisis, with respect to a bank or another institution that is registered under the FIA, but it cannot do so; it cannot exercise those emergency powers with respect to insurance companies. That is one of the fundamental changes that we have seeking the support of hon. Members opposite; to give the Central Bank the power to intervene with respect to insurance companies. Right now, the mechanism is very cumbersome. As far as I am aware, subject to correction, there is a 30-day period before drastic action can be taken within which all sorts of things could take place. Assets could be dissipated. All sorts of things can happen within a 30-day period. What is required is to give the Central Bank the power for immediate intervention.

In addition, another amendment is to allow the Central Bank to provide assistance to companies that carry on the business of banking or business of a financial nature, as licensed under the FIA, as it considers necessary to prevent the collapse of the institution other than an insurance company.

*Central Bank (Amdt.) Bill*  
[HON. C. IMBERT]

*Monday, February 02, 2009*

The Central Bank Act, again is being amended to give the Central Bank the power to provide financial assistance, if it considers it necessary, to prevent the collapse of a bank or a financial institution. It will not be extended to insurance companies at this time. The rationale for this decision is based on the following criteria—Member for St. Augustine, I see you are leaving—the rationale for the decision is failure of systemically important financial institutions can negatively impact the payment system. If this is not addressed in an expeditious and appropriate manner, it could lead to serious consequences for the stability of the financial system.

Financial institutions licences under the FIA are required to maintain a reserve account with the Central Bank, for which no interest is accrued. There is no such equivalent requirement for insurance companies. That explains the rationale for excluding financial assistance to insurance companies at this point in time.

Let me digress. It is my understanding that the inspector will, during 2009, engage in comprehensive consultations with insurance companies, leading to a comprehensive overhaul of the Insurance Act, but this will require, I am told, perhaps most of the balance of 2009, because fundamental changes are required and are contemplated to the Insurance Act. I would give one example. I am advised that at the current time, insurance companies are required to have paid-up capital of \$3 million. I am further advised that the international norm for paid-up capital of companies such as insurance companies is 5 per cent of their liabilities. If one takes a company like Clico, which I am told has liabilities of the order of \$15 billion to \$16 billion—I am simply giving the information that I have been given—and if one takes 5 per cent of that, their paid-up capital should really be in accordance with international norms, somewhere in the vicinity of \$800 million; 5 per cent of \$16 billion.

Currently, the Insurance Act only requires paid-up capital of \$3 million. It is a specific term within the Insurance Act. That applies to big companies and small companies. If, in this particular case, there has been a 5 per cent requirement within the Insurance Act, then that \$800 million would have been available as paid-up capital to deal with any financial crisis that might or has occurred within CLICO, but the requirement is just \$3 million. This kind of matter requires comprehensive consultation with the insurance industry.

There has to be a transition period. I am told that the inspector would engage in consultation with the companies during 2009, trying to achieve some kind of consensus, with respect to matters such as paid-up capital and what it should be; whether it should be 5 per cent; 3 per cent; 6 per cent; whether it should be tied to

the liabilities; whether it should be an actual sum or whether there should be a formula to determine what the paid-up capital of an insurance company should be. I am advised that financial institutions such as banks are also required to pay annual licence fees and other fees to the Central Bank. There is currently no such equivalent requirement for insurance companies. This is another matter that needs to be addressed in consultation with insurance companies.

Normally, in the international arena losses to policyholders are usually funded from policyholder protection schemes. That is what happens in other countries. There are policyholders' protection schemes. This is what we would have to look at very seriously for Trinidad and Tobago; how it is to be funded and how these policyholder protection schemes are to be managed, so that they will provide protection for policyholders for insurance companies in the event of some sort of drastic or catastrophic problem, as we appear to be seeing within the Colonial Life Insurance Company. Those, in essence, are the matters that we are about, with respect to the Central Bank amendment.

I might also say that the definition of "policyholder" has also been amended in the financial institutions to include insurance and annuity contracts. I am advised that within recent times, insurance companies have offered bank-like products. They call them annuity contracts, but they are really bank-like products, where persons deposit funds in the insurance company. There is some small life insurance component, but it is really a fund where interest is earned. In fact, there are many people in Trinidad and Tobago who have these flexible annuities or annuity contracts, they come by different names, with Colonial Life in particular, and these are really a form of fixed deposit. It is a bank-like instrument.

Currently, the definition of "policyholder" does not really capture these annuity contracts. We are seeking to tighten up the definition to include an annuity contract that includes a contract for an annuity at the accumulation stage and at the payout stage—this is an interim definition, which will be resolved when the comprehensive overhaul of the relevant legislation is done. That is really tying in to the Insurance (Amdt.) Act.

**12.00 noon.**

If I go now to the Insurance (Amdt.) Bill, again, we are inserting a new definition of an annuity contract to include all of these annuities that so many people have at Colonial Life and in other insurance companies, which is really a form of fixed deposit as it were.

In addition, we are tightening up the Insurance Act to allow the Central Bank to gather information with respect to insurance companies generally and their

business operations and so on, and information with respect to policyholders, annuity contracts, and so on. This is required to allow the inspector to share information with other regulators, especially in other jurisdictions, particularly within the region.

Under the Financial Institutions Act, the Central Bank can share information with regional regulators, with respect to those particular financial institutions, but there is no similar power with respect to the Insurance Act. So, we are bringing that into the Insurance Act, to allow the regulator to share information with regional regulators—the regulator being the Central Bank of Trinidad and Tobago—allow the Central Bank of Trinidad and Tobago to share information with other central banks within the region, within Caricom and extra Caricom regulators, where it is appropriate.

This is international best practice. This is what I was told in this globalised world, it is becoming more and more important to allow central banks all over the world to share information, to get an idea of the risk profile, particularly with respect to an insurance company in this instance. If our Central Bank can share information and receive information with other regulators overseas this will assist our Central Bank to get a better idea of the risk profile of companies such as Colonial Life Insurance Company.

The other fundamental change we are making to the Insurance Act is with respect to the statutory fund. At this point in time insurance companies are required to top up or make good any shortfall in their statutory fund at the end of the calendar year. So that once every 12 months, if there is a deficit or a shortfall between the required amount in the statutory fund and what is actually in there, insurance companies are currently required to top up that fund or make good the shortfall once per year.

However, these insurance companies report to the Central Bank on a quarterly basis and in the banking sector, they have to top them up on a quarterly basis. You have the anachronism where the insurance companies are reporting to the Central Bank with respect to their statutory fund every quarter, but they are not required to make good any shortfall every quarter. So you have the anachronism where the Central Bank will become aware of a situation where the statutory fund of an insurance company is in deficit every three months, but is not empowered to deal with it until the end of the calendar year.

So, hypothetically, you could have a \$100 million shortfall in the first quarter, and the Central Bank will see that because a report is submitted, they cannot do anything about it. In the second quarter that could go to \$200 million, the Central Bank will observe it but under the law, it has no power to deal with it. Then it

goes to the third quarter, it could be \$300 million; it goes to the fourth quarter, it is \$400 million, by which time it is too late to deal with it.

One of the fundamental changes being made to the Insurance Act is that within seven days of a quarterly report, insurance companies are now required to make good any shortfall that is reported between their statutory fund, what it actually is and what it should be based on their management accounts. I do not know if Members opposite understand what I am saying. I will just repeat that. Currently, if there is a problem in an insurance company with respect to its statutory fund, the insurance company is not required to do anything about it for one year.

Now, we are asking them to do it every three months, and the reason being that they already report to the Central Bank every three months but there is no requirement for them to make good the shortfall every three months. That is the amendment to section 37 of the Insurance Act.

We also would want the inspector to conduct on-site examinations of the books of insurance companies. If a problem has surfaced or something is showing up in the management accounts that does not look good or for whatever reason, we wish to give the inspector the power, and I will just read the clause:

“The Inspector or any person authorized in writing by the Central Bank or any designated member of staff of the Central Bank may enter into the premises of any registrant to”—which is now going to be an insurance company—

- “(a) inspect any books, records, accounts, vouchers, minutes of meetings,...
- (b) to determine whether there is compliance with this Act or any Regulations made hereunder.”

The Central Bank currently does not have that power to go into an insurance company and inspect its books, records, accounts, vouchers, et cetera. And we also put in a clause that if the inspector is prevented; if he is aware of a problem in an insurance company and he is seeking to move in to inspect the books to determine whether there is compliance, if he is prevented, that would be an offence subject to a hefty penalty, which you would see in the amendments to the Insurance Act.

Again, there is another amendment where, if in the opinion of the inspector, the registrant—an insurance company that is—any controller, officer, employee or agent of an insurance company has committed or is committing or is about to commit an act or is pursuing or is about to pursue any course of conduct, that is an

*Central Bank (Amdt.) Bill*  
[HON. C. IMBERT]

*Monday, February 02, 2009*

unsafe or unsound practice; or has violated or is about to violate the law, has breached any requirement of the Central Bank, most importantly, is unlikely to meet the demands of policyholders, holders of annuity contracts, and so on, the inspector may direct the insurer to cease and refrain from committing the act, pursuing the course of conduct or committing a violation, and the inspector can also perform such acts, which in the opinion of the inspector are necessary to remedy the situation.

So that the amendments to the Insurance Act are to give the inspector of institutions, the power now to move into an insurance company and take action in a very proactive and a very immediate manner in order to protect the policyholders' funds. This is not currently the situation. I might add that this, of course, would be subject to judicial review; that all of these actions of the inspector would come under the rubric of "public authority" and therefore, would be subject to challenge by way of an application to the court to review the decisions, actions and so on, of the inspector.

There are several other amendments to the Insurance Act, and it gives some specific details as to what would be an unsound practice:

“...the term ‘unsafe or unsound practices’ shall include, without limitation, any action or omission that is contrary to generally accepted standards of prudent operation and conduct, the possible consequences of which, if continued, would be a risk of loss or damage to the registrant or policyholders...”

It also introduces the concept of notice in order to make sure that we observe the principles of natural justice, so that subject to the clause in question:

“...before a direction is issued, the person to whom the direction is to be issued shall be served with a notice, specifying—

- (a) the facts of the matter,
- (b) the directions that are intended to be issued; and
- (c) the time and place at which the person served with the notice may make representations to the Inspector.
- (4) If the person served...fails to attend...the Inspector may proceed to issue directions in his absence.”

After hearing what the person has to say—again this is the principle of natural justice—in response to the notice:

“...the Inspector determines that the matters specified in the notice are established, the Inspector may proceed to issue directions to the person served with the notice.”

It gives a notice first; it gives the person an opportunity to be heard; after the insurer has heard the person, he will then make a decision as to whether he would proceed or not proceed, as the case may be. In addition, because these are emergency powers:

“...if in the opinion of the Inspector, the length of time required for representations to be made might be prejudicial to the interests of policyholders,...or to the stability of the financial system, the Inspector may make an interim direction with respect to matters”—involved—“having effect for a period of not more than twenty working days.”

This is important. The inspector has the power to make interim directions that will last for 20 days, because we did not feel that we wanted it to go beyond that 20-day period, because to suspend operations in an insurance company, for example, just like that, indefinitely could be very traumatic to the entire financial system. So, the inspector has the power to, even though he may not have heard what the other side has to say, or even though they are taking their time because you give somebody a right to be heard and they tell you they want more time, but the inspector may feel this is a critical matter so that he has the power to issue an interim direction of 20 days while the person is gathering their information in order to make a response to the notice with respect to an intervention.

After that 20-day period, if no representations are made, the direction will continue. If the person does not comply and so on, the inspector can go to the High Court requiring the person to comply with his directions. Again, there are penalties for persons who fail to comply with the directions of the inspector. What we are trying to do is clothe these sections in the principles of natural justice, and give everybody a fair opportunity to be heard and protect themselves.

If we go on now, I am reading from section 68:

“Where the Inspector is satisfied after an on-site or off-site examination of the affairs of an insurer that it is insolvent or unable to meet the minimum capital adequacy requirements or is unlikely to meet the demands of policyholders...he shall advise the board (of the Central Bank) accordingly.”

The Board of the Central Bank, after receiving the advice that the company is insolvent, unable to meet its minimal capital requirements, et cetera, may:

“...order the insurer to suspend business forthwith for a period of sixty days, and may direct the Inspector to take charge of all of the books, records,...documents,...as may be necessary to prevent the continuation of business...”

*Central Bank (Amdt.) Bill*  
[HON. C. IMBERT]

*Monday, February 02, 2009*

So, this is another step in the process. If the inspector submits a report to the Central Bank, saying this company is insolvent, policyholders' funds are at risk, the board considers the inspector's report and then it has the power to suspend operations in that insurance company for 60 days. After the expiry of the 60 days, the order will cease to have effect unless the board in its discretion decides that it should be extended, and they will extend for a further 60 days, and also there is the consideration of the board making an application to the court for the winding up of the company.

Basically, those are the important aspects of the amendments to the Insurance Act. All of the clauses with respect to judicial management are being taken out, because it was felt that it was cumbersome, and it was felt that it should be replaced with these clauses to allow the inspector of institutions to move in and the board to consider reports made by the inspector of institutions and the penalties have been increased.

I might just add that while the maximum penalty for some of the offences like attempting to prevent an inspector from coming in to examine the books, is \$5 million, and while on the face of it, to some people that might appear high, consider the fact that the requirement for paid-up capital for insurance companies is only \$3 million at this point in time. I used the example of Clico where the paid-up capital using international norms should really be \$800 million. So that a fine of \$5 million in a case where you are only required now to have paid-up capital of \$3 million, when you should really have \$800 million is really not onerous when it is considered in that context. This is an interim measure, until there are consultations with the industry to determine what formula should be used to determine paid-up capital.

**12.15 p.m.**

Now, to deal specifically with some of the matters raised by the hon. Member for St. Augustine—[*Interruption*]

**Hon. Member:** [*Inaudible*]

**Hon. C. Imbert:** Yes, he did. Nothing to do with the Bill, but he raised matters with respect to the bail out, and I would also like to affirm or reaffirm that we have circulated the Memorandum of Understanding. The Memorandum of Understanding is clear and in its preamble it states:

“WHEREAS:

- (a) The financial condition of CIB, CLICO and BA threaten the interest of depositors, policy holders and creditors of these institutions and pose

danger of disruption or damage to the financial system of Trinidad and Tobago;

- (b) CLF has asked for the GORTT'S intervention in the rehabilitation of CIB, CLICO and BA in the interest of and for the protection of depositors, policy holders and creditors...; and
  - (c) GORTT and CLF have agreed to enter into this Memorandum of Understanding whereby steps will be taken to correct the financial condition of CIB, CLICO and BA...
1. CLF agrees to take steps to correct the financial condition of CIB, CLICO and BA by:
    - (a) selling all of its shareholdings in Republic Bank Limited (RBL);
    - (b) selling all of its shareholdings in Methanol Holdings (Trinidad) Limited (MHTL);
    - (c) selling all of its shareholdings in Caribbean Money Market Brokers Limited (CMMB); and
    - (d) selling all or any of their other assets as may be required to achieve the said correction."

And it goes on to speak about what will be done in terms of valuation:

- "4. GORTT and CLF will agree on the definition of CIB's unencumbered third-party assets and liabilities and their valuation as established by an independent valuator.
5. The agreed unencumbered third-party assets will be sold/transferred to a financial institution approved by the GORTT..."

The fact of the matter is, Mr. Speaker, that CL Financial has agreed through this MOU to dispose of its assets—to sell its assets—and in return, the Government has agreed to protect the deposits of depositors at CLICO Investment Bank and other financial institutions associated with CL Financial or quasi financial institutions, such as CMMB (Caribbean Money Market Brokers) and also to protect the funds that policyholders have deposited at Colonial Life and British American. But the fact of the matter is, there is a shortfall, there is a significant shortfall. I am not at liberty to say what it is. I do not have precise figures and I think it would be irresponsible of me to give precise figures today. But there is a substantial

*Central Bank (Amdt.) Bill*  
[HON. C. IMBERT]

*Monday, February 02, 2009*

shortfall between the assets and liabilities of CL Financial which has required this action to be taken.

No, Member for St. Augustine, we do not believe that this bail out could have been accomplished in other way. We do not believe so. We believe that the situation is such, that if we were to take taxpayers' funds and give to these companies without having some measure of control over the way in which these companies conducted their business, that will be highly irresponsible. Mr. Speaker, through you, the Member for St. Augustine made the point that the global financial crisis is the cause—correct me if I am wrong—of the problem that CL Financial finds itself in. We beg to differ. We do not believe that that is the only problem.

**Mr. Speaker:** Order!

**Hon. C. Imbert:** We also believe that there are questions of management, and if we take billions of dollars of taxpayers' funds and give to managers of a private company who on the face of it, have demonstrated that they may not have managed the assets in the most prudent manner, then we would be totally irresponsible. If it were a situation where there was no evidence whatsoever, that the director and managers of these companies had not operated in accordance with best practice, then that would have been a completely different story. If it was clear to us that look, they just got caught by the global financial crunch, the credit crunch, the fall in commodity prices and so on; if that was apparent that is all it was, just the fall in oil prices, in methanol prices, global credit crunch, collapse of other financial institutions around the world, then perhaps your question might have held weight, but it is not simply the global financial situation.

On the face of it, there is sufficient evidence that the management of these companies has not always been in accordance with best practice, and I am sure that will reveal itself in the coming days, months and possibly years, as these matters are played out in other forums. Because I am sure these matters are going to be played out in other forums, not least being the courts of this land and maybe other lands as well. So that is the answer to your questions, that the bail out could not have been accomplished simply by taking a couple billion of dollars of taxpayers' money and handing to the directors and management of CL Financial. We do not think that would have been responsible.

With respect to the other statements made, for example, why was there such indecent haste to acquire shares in One Caribbean Media (OCM)? If you go to the MOU, you will see what is being asked of CL. What CL has agreed to do is to sell all its assets, so that the Government is making up the shortfall. So in the first

instance, the owner of the assets would be the Government. It is not to say the Government is going to continue to have ownership of all of these assets.

**Mr. B. Panday:** Where is the [*Inaudible*] that you want to—[*Interruption*]

**Hon. C. Imbert:** No, I will come to that. Member for Couva North, what kind of behaviour is that? Do not stop me in full flight. So, Member for St. Augustine, the fact of the matter is that CL Financial has agreed to dispose of all of its assets to the Government, and in return the Government is putting in money to ensure—[*Interruption*]

**Mr. B. Panday:** How much?

**Hon. C. Imbert:** As I have indicated, Member for Couva South— You know, Mr. Speaker, through you, the Member for Couva South has this habit of asking questions that have already been answered. I am in no position to give details at this point in time. Those matters will be left to the Minister of Finance. I am not going to encroach on the domain of the Minister of Finance in terms of financial data, that is not my domain. The Minister of Finance has the information, and such as will be available, will be provided to Members opposite, but it is my responsibility to correct the record with respect to certain statements made by the Member for St. Augustine.

There is no indecent haste to acquire shares in One Caribbean Media, which is the holding company of the *Express* and TV 6. There is no singling out of any particular group. It is all of the assets: Methanol Holdings, Angostura, Home Construction. I was just jotting down as the hon. Member for St. Augustine was talking—just from memory, I was jotting down some of the companies that I am aware are part of the CL Financial group of companies: Colonial Life, British American, Colfire, CLICO Investment Bank, Caribbean Money Market Brokers, CL Permanent, Methanol Holdings, CLICO Energy, Home Construction Limited, Angostura, they have interest in one Caribbean Media, Republic Bank and so on.

It is a very broad-based—[*Interruption*] Sure.

**Mr. Bharath:** Thank you very much for giving way. Is the Government aware that there are special financing facilities in place with regard to Methanol Holdings that relate to funding to encourage private enterprise, and as a result now or when in fact Methanol Holdings becomes government owned, it may actually void those agreements with the German partner?

**Hon. C. Imbert:** No, Mr. Speaker, I am not aware, but I would pose to the Member for St. Augustine this question. Surely such arrangements would apply if

*Central Bank (Amdt.) Bill*  
[HON. C. IMBERT]

*Monday, February 02, 2009*

they exist and I am sure we can get clarification on that. I might add that the Minister of Energy and Energy Industries is scheduled to speak at some point in time in this debate, but what I would say is that surely those arrangements cannot apply in a distressed situation such as this. If the only buyer is a state entity and that is the only way that Methanol Holdings can deal with their shortfall between their assets and liabilities, then surely that alleged agreement that you referred to cannot apply in a distressed situation.

But the point I was making, Mr. Speaker, is that CL Financial which I am advised was formed around the year 1993, if you go on the website you will see that the directors of Colonial Life decided around 1993 to form CL Financial as a holding company for CLICO because they felt that was a proper vehicle to allow them to invest funds held by Colonial Life in various ventures. In fact, that was the beginning of the story that we are speaking about today, that decision by Colonial Life around the year 1993, to create CL Financial as a holding company to allow them the flexibility to take the policyholders' funds and use them to invest in energy, in real estate and so on. As I said, that is the beginning of the story that is being discussed today. As CL Financial was formed, they began to form subsidiary companies and began to branch into all sorts of things, such as real estate, Home Construction which is the owner of that large development called One Woodbrook Place, Tru Valu Supermarket and things of that nature.

Mr. Speaker, I see that the time for the luncheon break is approaching—

**Mr. Speaker:** Not necessarily.

**Hon. C. Imbert:** Not necessarily? Okay, no problem. So, Mr. Speaker—  
[*Interruption*]

**Mr. B. Panday:** [*Inaudible*]

**Hon. C. Imbert:** I am terribly sorry to disappoint you—one of the challenges that will face the Government, is some of the assets held by CL Financial are on the face of it, very good assets—the shares in Republic Bank for example. The shares are very good, sound and strong assets. Republic Bank for example, if you read the newspapers yesterday—I saw it yesterday—they published their first quarter results for the 2009 financial year which for that bank begins on October 01, and they have achieved, if my memory is right, 4 per cent growth over the similar period for 2007 and the earnings per share—I am pulling from memory now—what I saw was about \$1.75 is the earnings per share that Republic Bank has achieved for the first quarter of fiscal 2009 according to their calendar as

compared to \$1.67 for first quarter of 2008. So Republic Bank has continued to maintain its position as one of the strongest banks in the region. So it is a solid financial institution and it has value, but not all of the assets in the CL Financial group are strong. But let us take One Woodbrook Place for example, which is an asset of Home Construction Limited.

There were articles in the newspaper a year or 18 months ago where the then Managing Director of Home Construction Limited, Mr. Fifi, I believe, had indicated that that project was in difficulty. There were all sorts of estimates with respect to the shortfall or the losses with respect to that particular project. I cannot give you details, but it is in the hundreds of millions of dollars. That is my understanding of the situation with One Woodbrook Place, that it is in a loss position or was in a loss position to the tune of several hundred million dollars. So when you have an asset like that, that is not on the face of it a good asset, because the value of that asset may not be equivalent to the expenditure that was incurred to create that asset. So within the CL Financial Group, there are strong companies and there are not so strong companies, and I have used the example of Republic Bank as a very strong, solid asset and the HCL situation as a not so strong situation.

**Mr. Speaker:** Hon. Members, the speaking time of the hon. Member for Diego Martin North/East has expired. So what I will do, on the resumption of lunch, I will put the motion for the extension. The sitting of the House is suspended for lunch and we will resume at 1.30 p.m.

**12.30 p.m.:** *Sitting suspended.*

**1.30 p.m.:** *Sitting resumed.*

**Mr. Speaker:** Hon. Members, the speaking time of the hon. Member for Diego Martin North/East, the Minister of Works and Transport, has expired.

*Motion made,* That the hon. Member's speaking time be extended by 30 minutes. [*Hon. N. Parsanlal*] [*Crosstalk*]

*Question put and agreed to.*

**Hon. C. Imbert:** Mr. Speaker, I know the Member for Siparia does not mean that; that comment was said in jest. Similarly the Member for Princes Town; he does not mean that either; we get along very well. But the fact of the matter is, it is now incumbent on me to deal with a particular situation.

*Central Bank (Amdt.) Bill*  
[HON. C. IMBERT]

*Monday, February 02, 2009*

The Members opposite have asked what the urgency of this matter was and why we were here today. Perhaps they do not know that people are worried in this country; there is a sense of a lack of stability with respect to the CL Financial group; no two ways about it. From the time the Governor of the Central Bank, the Minister of Finance and the Chairman of CL Financial announced that there was a problem, a number of depositors and policyholders became very concerned, as is human nature.

A lot of persons would not understand the intricacies of what we are about, with respect to the assistance that is being given to the CL Financial group. Therefore, it is essential that the Central Bank be given the power immediately to intervene, particularly in Colonial Life Insurance Company; not so much in the banks like Clico Investment Bank.

You would have heard the Minister say that the Central Bank took control of Clico Investment Bank over the weekend. In fact, I am told that today Clico Investment Bank is closed and the Central Bank is in control of that institution. The Central Bank can do that, because under the Financial Institutions Act and the Central Bank Act, the board of the Central Bank has the power to move in and take proactive action with respect to a bank; they cannot do that with respect to an insurance company. The current insurance law does not permit anybody to intervene immediately to deal with the potential collapse of an insurance company.

Let us put Colonial Life in perspective, because there are some facts that Members opposite need to know, and the national community in general. I am advised that Colonial Life is responsible for more than 50 per cent of all insurance business in Trinidad and Tobago; that is my understanding. The figure I was given was 53 per cent. So you are not dealing with a small institution here; you are dealing with an insurance company that controls more than half of the insurance business in Trinidad and Tobago; but the current law does not permit the Central Bank or the inspector to move in and prevent the collapse of such an insurance company. It allows the Central Bank to move in with respect to a bank.

I want to repeat, that is why the Central Bank has moved into the Clico Investment Bank, because they can do that. They cannot do it with respect to an insurance company. That is why it is essential—and I am asking hon. Members opposite, again, for support, so that the Central Bank could intervene with respect to Colonial Life Insurance Company. That is why we are here to amend the Insurance Act and the Central Bank Act, to give the Central Bank those powers.

For the general public, I need to reiterate that there is no need to panic. There is no need for anyone to withdraw any funds from Republic Bank or any of these institutions. Your savings are protected by the Government. [*Desk thumping*] I want to make that crystal clear to all depositors in Republic Bank, policyholders in Colonial Life, depositors in Clico Investment Bank, depositors at Caribbean Money Market Brokers and at British American; your savings are protected by the Government of Trinidad and Tobago. [*Interruption*]

**Mr. S. Panday:** You are saying that the savings are protected; is that at the present interest rates?

**Hon. C. Imbert:** I am speaking about the capital. Certainly when new arrangements are put in, there would have to be a re-evaluation of the arrangements. We are protecting the capital and we are protecting the fixed deposits of persons in these institutions. It would be premature of me to venture any opinion with respect to what the interest rates would be, now or in the future.

**Mr. S. Panday:** What about persons who have put their moneys in these institutions and the interest has capitalized on their principal; what is the position of those persons, at this point in time?

**Hon. C. Imbert:** As far as I am aware, the fixed deposits are protected. They are going to be preserved intact, but, obviously, when fixed deposits mature and for other reasons, there needs to be re-evaluation of the arrangements. We are telling the policy holders at Colonial Life and the depositors at Clico Investment Bank that their deposits are preserved. I think I need to repeat this: There is no need to withdraw money from Republic Bank or any of these other institutions. The Government is guaranteeing the integrity of these deposits. [*Interruption*]

**Mr. Maharaj SC:** Is it correct then that the depositors and beneficiaries would have to depend upon the word of the Government? Is it possible that this word of the Government could be part of the statutory arrangement?

**Hon. C. Imbert:** Mr. Speaker, let me just look at the Memorandum of Understanding between the Government and CL Financial.

In this Memorandum of Understanding, the Government has committed to collateralize or to protect the unencumbered third party assets within these institutions. That is in the Memorandum of Understanding. Perhaps, as you have articulated, it needs to be expressed in layman language. This is a legal document, drawn up by lawyers; and we know that lawyers are not always the most articulate of persons. [*Interruption*]

**Mr. S. Panday:** What!

**Hon. C. Imbert:** Do not take it personally. [*Laughter*]

The fact of the matter is that the Central Bank has agreed to protect third party assets. Let me explain what third parties assets mean. Third party assets are the funds belonging to persons who have deposited into these institutions, not the assets of the institutions themselves, in terms of loan arrangements they may have with people.

In fact, I heard the Governor of the Central Bank making a plea to persons who have borrowed money from Clico Investment Bank to pay it back, because, as always, when you have a situation of liquidation, receivership or winding up, some persons sometimes take advantage of the opportunity and cease repaying their loans and so on, but that would be pursued in another forum. I am talking about the ordinary man. I want to give three examples.

If one looks at the age profile of a person at Clico Investment Bank, a depositor, the typical depositor is a retiree, someone in their 60s, even their 70s, who have placed their savings into Clico Investment Bank and use the interest income to live; that is your typical profile.

**Mr. S. Panday:** That is why we ask about the interest!

**Hon. C. Imbert:** That is why we are protecting the deposits at Clico Investment Bank; that is why the Government is seeking to protect those deposits, so those deposits would not be lost, so persons would retain their savings.

The second typical person is the person who has invested in an annuity contract or bank-like instrument at Colonial Life Insurance Company. Again, if you look at the age profile, a number of these persons are retirees. One of the things with Clico Investment Bank and Colonial Life is that they paid some of the highest interest rates in the domestic market, so that they were attractive to persons who had retired; even like the Member for Couva South. [*Laughter*] That is why I am sure every one of them is affected, in some way, by the difficulties with Colonial Life and Clico Investment Bank. [*Interruption*]

**Mr. Ramnath:** You know my business?

**Hon. C. Imbert:** No, I said that I am sure every one of you, if you do not have deposits in the institution, you have family members working in the companies or friends who have been adversely affected or constituents who are worried about what is going to happen to their savings.

So let us take an example like the Member for Couva South, who has just retired from Petrotrin, and I am sure he received a handsome gratuity. He might have invested those funds in Clico Investment Bank or Colonial Life; I do not know; I am merely speculating. For someone such as that, if, Member for Couva South, you had deposited your funds in a flexible annuity, or something of that kind, at Colonial Life, your savings are safe. That is the second category of persons. So we are protecting the deposits of persons at Clico Investment Bank and persons who have deposited their savings into Colonial Life.

The same applies to CMMB, which also accepted deposits, and also had money market funds and things like that; those deposits are protected. So all the persons who have money in Republic Bank, Clico Investment Bank, Caribbean Money Market Brokers, et cetera, there is no need to be overly concerned about this; the Government has your back, to put it in local parlance.

Let me go on to another category of persons: shareholders in Republic Bank. The Government has agreed to purchase the shares of Republic Bank at fair market value, in accordance with international accounting standards. As I said, Republic Bank is a strong bank; in fact, if one looks at the annual report for 2008, you would see that it made a profit in excess of \$1 billion, in its last year in 2008. If I do the math, it is probably about \$1.2 billion or \$1.3 billion. [*Interruption*]

**Mr. S. Panday:** Having regard to the fact that you indicated that Republic Bank is a very strong bank, this morning the hon. Minister said that they would be changing the boards. Is the Government going to change the board of Republic Bank?

**Hon. C. Imbert:** Just let me finish, please. Mr. Speaker, I may have to ask for injury time. [*Crosstalk*]

Republic Bank is a very strong bank. It made over \$1 billion in profit last year; it is a well managed bank. It has a good business plan and, as a result, the Government does not intend to interfere. [*Interruption*]

**Mr. S. Panday:** The board!

**Hon. C. Imbert:** You are taking my time.

We are not going to interfere in the day-to-day operations of Republic Bank. We are not going to interfere in the operations of Republic Bank.

**Mr. S. Panday:** But they are going to appoint the board! [*Crosstalk*]

**Mr. Speaker:** Order!

**Hon. C. Imbert:** Mr. Speaker, we do not intend to interfere in the operations of Republic Bank; I will say that three times if necessary. It is a well run bank; it is a profitable bank and shareholders should have nothing to worry about. All that is changing is the ownership of the shares. The shareholder is changing. The management of the bank has done a good job.

**Mr. S. Panday:** "I doh trust you!"

**Hon. C. Imbert:** The Government does not intend to interfere with the operations of Republic Bank. I will say that four times if I have to.

**Mr. S. Panday:** "I doh trust you!"

**Mr. Speaker:** Order!

**Hon. C. Imbert:** There is another category of persons who needs to be looked at; the depositors in other financial institutions. Because we are taking the action, at this time, to prop up or to bail out, as it were, or to make good the shortfall between assets and liabilities, with respect to the various companies in the CL Financial group, we are guaranteeing the stability of the financial system in Trinidad and Tobago. [*Desk thumping*] Therefore, there is no need for anybody to take out money from any other bank, at this point in time. I want to stress to citizens and Members opposite to be very careful; there is no need to panic or to induce panic. [*Crosstalk*]

If one examines the Memorandum of Understanding very carefully, one would see precisely what is intended. The Government is going to make good any shortfalls in the statutory fund and make good any deficit between assets and liabilities, with respect to the companies within the CL Financial group. All that is happening now is a change in shareholding. There is no intention on the part of this Government, at this time, to deal with the day-to-day operations of these companies, but the Minister of Finance did make the point that the appointment of directors in any company is the purview of the shareholders.

**1.45 p.m.**

**Mr. S. Panday:** But the Government is the majority shareholder.

**Hon. C. Imbert:** And now that the Government is the shareholder, will become the shareholder, in some cases the sole shareholder, in some cases a significant shareholder; the shareholder should and will have the right to put fit and proper persons into the boards of these companies as is necessary, but we are far away from that at this point in time.

Let me deal very briefly with the Hindu Credit Union. The Member is right, the Hindu Credit Union does not fall under the Central Bank, the Inspector of Financial Institutions, does not fall under the Insurance Act or anything like that, it falls within the legislation dealing with credit unions. That is the first point. So this is not a matter that we are addressing with respect to legislation today.

Secondly, any objective person would realize it is not appropriate to make apples to apples comparison between that credit union and the CL Financial Group of companies. The CL Financial Group of companies controls 25 per cent of the GDP of Trinidad and Tobago. In fact, I am told that the gross revenues of the CL Financial Group are somewhere in the vicinity of \$38 billion. So it is a big player within the economy of Trinidad and Tobago.

I have just said that Clico controls more than 50 per cent of all insurance business in Trinidad and Tobago and the other difference is the question of assets. While both institutions have difficulties in terms of shortfalls between assets and liabilities, I do not have detailed facts and figures, but I think, based on all the information in the public domain, I do not think that the Hindu Credit Union has any significant assets as compared to the CL Financial Group which has Republic Bank, Methanol Holdings and so forth, so it is not easy to make apples and apples comparison between the two situations.

One is a huge conglomerate that is intertwined within the entire financial structure of the economy of Trinidad and Tobago. It is a huge conglomerate that affects real estate, banking, insurance, spirits, beverages and so forth. It is involved in the energy sector, in virtually every aspect of natural life. It owns supermarkets, for example, Tru Valu Supermarket is owned by the CL Financial Group, and the other is a credit union which was formed and operated for the benefit of its membership, it is a very different thing.

I do not intend to get into the merits and demerits of the argument in this debate. I simply want to put on record that there is not much comparison if one looks at the effect on the economy, the regulations, the effect on the financial system between the CL Financial Group in terms of size and impact and the Hindu Credit Union. But I do not want to get into any contentious argument with Members opposite and I do not intend to with respect to the merits and demerits of the two situations, but I need to put that on the record. One is under the Central Bank, one is not; one is huge, one is not very big in the global scheme of things.

Mr. Speaker, I want to stress that we are about building confidence today, and I want to appeal to hon. Members opposite whatever they do, whatever decision

*Central Bank (Amdt.) Bill*  
[HON. C. IMBERT]

*Monday, February 02, 2009*

they make, we expect and hope to get their support for the amendment to the Insurance Act. We require your support to do so, so we can give the Inspector of the Central Bank power to immediately move in and take control of Colonial Life Insurance Company (CLICO). We require the support for that.

I would hate to think that honourable Members opposite would want to procrastinate with respect to this matter because this debate—

**Mr. S. Panday:** Move on, move on.

**Hon. C. Imbert:** I assume that means you are supporting the Bills. Thank you for that assurance. But I would hate to think that honourable Members opposite would get involved in anything that would have the result of causing a loss of confidence in the financial system in Trinidad and Tobago. [*Interruption*] No, I am just expressing a view. I am so sorry, and I deeply apologize, Member for Couva South. I assume from the utterances from the Member for Couva South and the Member for Princes Town North, that the hon. Members opposite do intend to give us support for these amendments to the Insurance Act.

I want to repeat, what the Government is about and what it is doing together with the Central Bank is protecting the life savings of the little people of this country; that is what this Government is about today. It is about taking steps to stop a systemic collapse of the financial system of Trinidad and Tobago. That is what it is all about. Today, it is about giving the Central Bank the powers it needs immediately to move in and take control of Colonial Life Insurance Company so that it can protect the deposits of policyholders in Clico. I end by stressing that there is absolutely no need for anyone to withdraw funds from any of these institutions; the Government will protect your investment.

Thank you, Mr. Speaker.

**Mr. Basdeo Panday (Couva North):** Thank you, Mr. Speaker. Mr. Speaker, I wondered what was the reason the Government would serve us with documents of matters of so great importance—the economy and the financial system and what have you—on a Saturday afternoon, where there is no working day between, and documents again in the night.

On Sunday night at 10 o'clock I received a telephone call saying; go on your computer—Mr. Speaker, thank you very much, I still have one—and I went on the computer and ran off the amendments, I also have a printer. I come this morning and I find more amendments. The first point is; if it is the same thing,

why did you serve it? “Yuh like wasting paper?” The point is; if this matter is of such fundamental importance, then you cannot rush it through. [*Desk thumping*]

Mr. Speaker, I began to wonder what the urgency of this Bill is. When I saw them at first, I thought that the purpose of the Bill was essentially to plug a loophole regarding the type and limit of investments which an insurance company can undertake and to allow the Central Bank to conduct site supervisions and so on and so forth.

These pieces of legislation appear, first of all, to apply not to the past but for the future. They are going to block loopholes, so if this Act has to do with future conduct, why are you rushing it through? And the reason given today by the hon. Member for Diego Martin North/East terrified me and I ask him why the hurry? Is it so important and you give us this information at a late date and expect us to pass it today? Could it not wait till Friday so we can look at the legislation and understand it, and more so that the people can understand it? This involves people’s money.

Mr. Speaker, the reason given by the Minister; I think his tongue slipped when he said so that Central Bank can have power, as soon as the Senate passes this Bill tomorrow and the President signs it at the end of the day, to raid the offices of Clico. That is what the Member said. To go and seize the assets, seize their books and do all kinds of things and you are going to ask me to do that without finding out—

**Mr. Imbert:** I said no such thing.

**Mr. B. Panday:** You said that. You said, so that they can immediately deal with Clico. Right now they can only deal with the bank, but they want to deal with Clico immediately, and immediately means as soon as the Senate passes the Bill and the President assents to it, and they raid Clico’s offices. That was the information we got.

Mr. Speaker, I was so happy when he was explaining the amendments to the two Bills. I think he did an excellent job and he said they were important and he needed our support so that public confidence can be restored. Will public confidence be restored by what is happening in this House today and what happened on Friday when they did their deal?

Mr. Speaker, it says in the Memorandum of Understanding:

“WHEREAS:

- (a) The financial condition of CIB, CLICO and BA threaten the interest of depositors...”

**Mr. Imbert:** Mr. Speaker, I thank the hon. Leader of the Opposition for giving way. If you look at clause 12 of the MOU, it reads as follows:

“12. The GORTT agrees to provide collateralized loan financing to CLICO and BA to meet any residual Statutory Fund deficit, as confirmed by the Central Bank...”

We cannot do that now unless the Governor has the power to intervene with respect to Clico. We cannot do it unless we amend the Insurance Act, we cannot provide the collateralized loan financing to Clico and BritishAmerican.

It is not a question of dealing with these insurance companies; it is one of assisting them to meet the deficit in their statutory fund.

**Mr. B. Panday:** Why today? That is my argument. What difference will it make on Friday? Why today?

**Hon. Member:** Why Friday?

**Mr. B. Panday:** So that I would have time to study this and to inform the public whose moneys are going to be used in this matter what their position is. That is the reason.

[MADAM DEPUTY SPEAKER *in the Chair*]

I will not let him distract me; he has an infinite capacity for diversion.

**2.00 p.m.**

In the Memorandum of Understanding it says:

“WHEREAS:

- (a) The financial condition of CIB, CLICO and BA threaten the interest of depositors, policy holders and creditors of these institutions and pose danger of disruption or damage to the financial system of Trinidad and Tobago;
- (b) CLF has asked for the GORTT’s intervention in the rehabilitation of CIB, CLICO and BA in the interest of and for the protection of (and I again mention) depositors, policy holders and creditors of these institutions; and
- (c) GORTT and CLF have agreed to enter into this Memorandum of Understanding whereby steps will be taken to correct the financial condition of CIB, CLICO and BA and to protect the interest of depositors, policy holders and creditors of these institutions.

The Parties therefore agree as follows:"

Everything that I have just read applies to the Hindu Credit Union and the people who have deposited money there. Everything! [*Desk thumping*] The only thing that does not apply is—and I will read it.

“...and pose a danger of disruption or damage to the financial system of Trinidad and Tobago.”

Which is what you said. So you are not telling us the truth when you say it is the same old people's funds. What do you think? Everybody who deposited in HCU is young? Why are you treating people differently? That is important. And you do not want us to investigate? You want us to pass this today? I do not think so. It goes on to say that because of this they had entered into an arrangement and let me read this, and this is why I say we need time to investigate this matter and to inform the public, and we would be falling short in our duty if we rush into this matter today; if we did not do the people's job. It involves the protection of hundreds of billions of people's money. It says that CLF agrees to take steps to sell the shares of Republic Bank. This is why the Government is helping them; these are the conditions under which Government will help CL Financial.

They have to sell their shares in Republic Bank; they have to sell their shares in Methanol Holdings (Trinidad) Limited; they have to sell their shareholdings in Caribbean Money Market Brokers Limited; they have to sell all these shares. When they sell these shares, the Minister has admitted and he keeps repeating a statement that they will not interfere in the day-to-day management. It is beginning to sound like UDeCott, eh?

That is not the issue. The issue is that the Government will now have the power to appoint directors. [*Desk thumping*] They will own these companies and they will have power to appoint the directors, and I ask: What kind of directors are you going to appoint? Calder Hart? You are going to appoint Monteil? These are the same people who appointed the board of directors of UDeCott! And they are coming here to tell me this is a good arrangement because now they will have power to appoint people to all these companies: the Methanol Company; the Bank; the Insurance Company and what have you, and I must trust them to do that?

You are right, you know. It is a question of credibility and if you wanted to demonstrate your credibility and your seriousness about not interfering in the day-

*Central Bank (Amdt.) Bill*  
[MR. B. PANDAY]

Monday, February 02, 2009

to-day affairs, or whatever it is, but controlling directors which are fit and proper persons, you should fire the board of directors of UDeCott right now! [*Desk thumping*]

**Mr. Ramnath:** Fire Bahadoorsingh and Calder Hart and all these “fellas”. Their own company liquidated. Sell it! [*Crosstalk*]

**Mr. B. Panday:** Madam Deputy Speaker, we have talked of an alternative solution. We would like some time to investigate whether there is an alternative solution than for handing over these companies to a government whom I described on the last occasion I spoke here, as the apotheosis of incompetence and mismanagement! [*Desk thumping*] I must sit down here and agree to hand this company to a government that has mismanaged everything in the country.

If we are dealing with confidence, this deal that they have will make people lose confidence in the financial system, not gain confidence. I want to ask at the same time: This MOU has been signed. It is a done deal; it is signed. We cannot do anything about that. The Act has nothing to do with that. The amendments to the Acts are separate, except that you want to raid Clico’s offices now.

This is not a bail out; this is the takeover and it is a hostile takeover! It is obvious that Clico was pushed up against a wall—it appears to me—and that a gun was put to their head. This is a hostile takeover and not in any way a bail out. My colleague, the Member for St. Augustine, asked the question. These shares could have served as collateral and a loan could have been provided—

**Mr. Manning:** To who? To “fellas who bring it to that stage”?

**Mr. B. Panday:** Certainly not for “fellas” who appointed a UDeCott board. Certainly not that. Certainly not “fellas” running UDeCott.

We want to examine the possibility and we want to have time to go to the public and explain this because it is their money that is going to be involved. And is there an alternative solution? The Member for St. Augustine mentioned only one. [*Interruption*] We say that you could have lent the money with the security being the very shares you are trying to buy. You want control! That is what you want. You want control over companies, the press, the media. Well, if you have control over all of that, you cannot take a haircut again, you know, [*Laughter*] because every time you try to take a haircut and one of “dem fellas” say anything, you have about 15 stations to go and complain against.

I have already mentioned the gross discrimination against the people who invested money in HCU and people who invested money in CL Financial. There is one point that the Member did mention with which I agree absolutely. The most important thing is confidence at this point in time. The public has got to have confidence that what is going on is right. First of all they must have knowledge. You hid all the knowledge until while the debate was going on. You circulated the Memorandum, but the people do not know about it. The people must have a chance. It is their money.

So that confidence is when people have knowledge of what is going on; they have an understanding of what is going on; they have participated in what was going on. That is what breeds confidence, not by you coming here and saying certain companies—and, listen, those companies that you are taking over, I read somewhere, did nothing wrong, you know—legally, I mean. They did nothing wrong, as far as the law is concerned. Am I not right, colleague? If anybody did anything wrong, it was the Government. [*Desk thumping*] Let me tell you why I say that.

In 2004, the Government published a White Paper; I am sure you will recall that. It was a White Paper on Reform of the Financial System of Trinidad and Tobago. What did the Government say then? The Government said:

“Since the onset of financial liberalization in the early 1990s, the complexity of the financial system has grown. A number of financial conglomerates have emerged and have been expanding their operations in both the domestic and regional markets.”

That is exactly what was happening:

“The existence of these complex institutions and the cross-country exposure that occurs raise issues of potential contagion and the management of systemic and liquidity risks.”

In 2004, the Government said in its own White Paper:

“While institutional changes and legislative reforms have been implemented and updated for the banking sector, the legislative framework for the rest of the industry needs to be modernized. The existing legislation does not provide the regulatory authorities with adequate powers to regulate and supervise the financial sector in accordance with internationally accepted standards.”

That was 2004; this is 2009. You brought about this situation, because you knew it was happening! [*Desk thumping*] That was a White Paper on Reform of the

*Central Bank (Amdt.) Bill*  
[MR. B. PANDAY]

*Monday, February 02, 2009*

Financial Sector of Trinidad and Tobago and it is contained in the Executive Summary on pages ix to x.

I ask one simple question: Why was this not pursued? This was not pursued at all. Does the Government have a reason for that? Was the Government engaged in other things, like building a palace for \$148 million? Was that more important? [Interruption] And it is not as if the Government did not even know the causes of the problem. The Government knew the causes of what led to this problem. It says here that the Governor of the Central Bank is reported in the media as having been working with CL Financial since 2004 and being concerned. Why then was the legislation we are rushing through today, not pursued? Was the Governor of the Central Bank derelict in his duties? I do not think so. I think he is a responsible man and I am sure that he would have brought to the Government's attention this hiatus in the financial control system. I am sure that he had advised the Government on the need to push legislation through and if he did, why did the Government fail to do so?

This is substantial, as the Governor has indicated, that the modus operandi of CL Financial group is what has brought them to this point and he knew about it:

“Excessive related party transactions which carry significant contagion risks.”

Mentioned by the hon. Minister of Finance earlier today: The Governor of the Central Bank also noted specifically that:

“An aggressive high interest rate resource mobilization strategy to finance an equally high risk investments, much of which are illiquid assets...

A very high leveraging of the Group assets, which constrains the potential amount of cash that could be raised...”

### **2.15 p.m.**

The point is that they knew that this had existed all along and did nothing about it. When this becomes law, where is the guarantee that we can trust that you will implement the law against only your enemies? You are asking for a carte blanche here.

The Central Bank also mentioned the fact that Clico also has a substantial statutory fund deficit. If that was the case, why was something not done about it? You are saying that you did not have the law. The law was not there for you to do something about it. I think that you were busy with other things. For one example, I am sure that what interested you more than putting the financial legislation in place with proper statutory supervision was the fact that Members were feathering

their nest building a palace; trying to buy a plane and developing means to side step accountability, as we are now discovering in the enquiry into UdeCott. The Prime Minister is promoting himself as father of the nation and grandfather of the Caribbean. I am sorry to say this, but he now appears as a decrepit grandfather of the Caribbean limping along with a stick and fumbling along.

I bring this to the attention of the nation. This is not something to be hurried. That is the point of my entire argument. We are not going to let you hurry us. You cannot hurry this.

In his address on Friday, Governor Williams stated that the principal objective of the strategy which you now have is to ensure that the resources are available to meet withdrawals of third party CIB depositors and Clico policyholders and to protect the funds of the depositors and policyholders and in so doing maintains confidence in Clico and reinforce confidence in the financial sector as a whole. Do you know what will happen when the people of this country know that the Government is taking over these institutions? There would be a run on these institutions because they see what you did to UdeCott.

Questions are being asked in this House. You cannot throw a document in front of us while we are debating here and expect us to comprehend the full ramifications of what is contained therein. How much will this cost? [*Desk thumping*] You want us to approve something and not know how much it will cost.

**Mr. Manning:** You will hear from me.

**Mr. B. Panday:** After I hear from you, give me one week to consider what you say. If you wait until this hour to tell me, give me a week later and I would tell you I would react to that. "Doh come here and throw in my face, a document, and tell me." Treat us with a little more respect, not contempt and contumely to which you are accustomed. In order to instill confidence you have to do exactly what you are not doing. You have receded into your cocoon of secrecy and in that cocoon of secrecy you treat everybody with contempt, including your people. You treat us with contempt because you feel that you alone are entitled to information. You are God's gift, not only grandfather; you are probably great-grandfather now. You are God's gift to the community.

You must tell us how much this will cost. The impression I get from your memorandum of understanding is that you are going to sell the shares. To whom? For what? How much? This is not the way to go. I want to re-emphasize what my colleague said before me. We are concerned about the depositors, policyholders,

*Central Bank (Amdt.) Bill*  
[MR. B. PANDAY]

*Monday, February 02, 2009*

annuitants and all the people. Is this going to satisfy the people? Will they have confidence that things are going to be better for them? Not unless you give them all the facts and tell them how much this is going to cost them. “Yuh know yuh frying dem in dey own fat?” That is to say that you are telling them to pay for your negligence.

As a matter of fact, talking about that, I am surprised that people from the credit union have not consented a lawyer—I have not practised law for a long time and the Bar Association says that I must pay some hundred thousand dollars before I could be readmitted to the Bar. That is not your business condition; that is mine. I am surprised that the credit union has not sought advice to sue the Government. I will tell you why. If the Government had a duty to keep an eye and exercise supervisory powers over the credit union and it failed in its duty, then I do not know, but is it not a possibility that a class action could be brought against the Government for damages to pay back every member of the credit union what is due to them, on the basis that the Government was negligent; had a duty of care to them; that it was a breach of statutory duty? I do not know. As I said, I have not practised law for some time. Surely, somebody should investigate. You are treating the HCU with contempt. Somebody should be brave enough to decide whether they can sue the Government for his or her loss.

You rushed into a deal and you continue to do so without giving us information. There is another group that has a right to information. That is the workers. What about the workers of these companies? It seems clear that despite the meeting on Friday with the staff and some of the workers, they are as equally in the dark as the rest of the country with serious concerns about job security and in what are undoubtedly serious financial problems in these challenging times. There are unconfirmed reports that about 20 per cent of the groups’ workers are to be sent home at a later stage. This is not an insignificant number bearing in mind the share size of the Clico empire.

**Mr. Manning:** Could you give us the source of your information?

**Mr. B. Panday:** “You asking me for information I must ask you.” The only source you are going to get this evening is pepper sauce. [*Laughter*] That is blows.

I ask: Was the union involved in these deliberations? Given the already contracting domestic economy in the business sector, where are these people going to find jobs in this guava season? In CEPEP? In URP or UdeCott? This is a very serious matter. It is an extremely serious matter in which the public should be entirely informed and the Opposition must be given time in order to consider

all these late ramifications that have come to us within the last 24 hours. You owe that to us. As I say, we have not made up our minds whether or not we are going to support this. It is going to depend—

**Mr. Manning:** I know you make up your mind already. I know “yuh”.

**Mr. B. Panday:** What is “yuh” source? [*Laughter and desk thumping*]

**Mr. Manning:** Pepper sauce.

**Mr. B. Panday:** It is good that we shall have a brief moment of levity when such serious matters arise. At least it clears our brain so that we may deal with them more fairly.

We must have time to discuss this matter. As a matter of fact, we have a Monday night forum tonight. If I leave you a little early it is because I have gone to attend a meeting of my constituents. That will be our first occasion when I am going to read some of those things to the people to let them know. We need time to do that and study this. If we are satisfied, you would get our support. [*Desk thumping*]

Thank you.

**The Prime Minister (Hon. Patrick Manning):** Madam Deputy Speaker, my great friend the Member for Couva North is noted for making wild statements, not only here in this honourable House, but also in his general public utterances all over the country. He has his unique way and inimitable style in which he discusses things and comes to conclusions. Today, his contribution in this honourable House confirmed that his thought processes proceeded in a most unusual way. Could you imagine the hon. Member for Couva North asking this honourable House: What did the “fellas” at CL Financial do wrong? He went on to say that they did nothing wrong. The hon. Member for Couva North, a former prime minister of Trinidad and Tobago and Leader of the Opposition—. The Leader of the Opposition, of course, is the alternative prime minister of Trinidad and Tobago. God forbid. How could the Member for Couva North ask: What did the “fellas” do wrong in circumstances where Clico Investment Bank has a run on it of \$250 million a week—\$250 million per week! The Member for Couva North is asking: What did the “fellas” do wrong? “They did nothing wrong”, he says. He said that they did nothing wrong and is seeking to give the impression that if anybody is culpable in this matter, it is the Government of Trinidad and Tobago. Madam Deputy Speaker, \$250 million per week is the run on the Clico

*Central Bank (Amdt.) Bill*  
[HON. P. MANNING]

*Monday, February 02, 2009*

Investment Bank and the Member for Couva North asks us: What did they do wrong? In fact, he went on to say that they have done nothing wrong.

I have always been of the view that he does not have a proper concept of right and wrong. He does not know he does not have it.

**2.30 p.m.**

Madam Deputy Speaker, there is a statutory reserve associated with the insurance company which protects the depositors in that company to ensure that their money is properly protected. There is a deficit on the statutory reserve and the Member for Couva North asked the question: What have they done wrong? In fact, he goes on to say that they have done nothing wrong.

**Mr. B. Panday:** I said “illegally”.

**Hon. P. Manning:** You also said “wrong”. That is the problem. As far as the hon. Member is concerned, there is the letter of the law; the law has no spirit. Their concept of right and wrong is a big deficit in fact. And the information is known to them, you know. They have been hearing it for a long time.

One gentleman, it is reported to us, was fired from one of the Clico companies because he was invited by the leadership to take money out of the statutory reserve and to make it available to another one of the companies for the payment of a bonus to some of the executives. When he refused, he was fired. Then the Member for Couva North is asking this honourable House what they did wrong. They did nothing wrong is the suggestion. I do not understand this. Sometimes I ask to what school the hon. Member for Couva North went.

**Mr. B. Panday:** “Prez”.

**Hon. P. Manning:** You did not go to “Prez”; you went to St. Benedict's. Talk the truth. What school you went to? I am not hearing you.

**Mr. B. Panday:** “Prez”.

**Hon. P. Manning:** St. Benedict's. Madam Deputy Speaker, he and I did not go to the same school. We think in fundamentally different ways. The Member asked: What is the hurry? Why are you coming now to do this and that? He asked the question: Did you consult the union and did you consult the people? Madam Deputy Speaker, put yourself in this position. Information has come to the Government's attention that there is run on CIB. [*Interruption*] You are speaking after me anyway; you will have your chance.

**Mr. Ramnath:** If I had known, I would have taken out my money and let him put this in for me.

**Hon. P. Manning:** I will tell you who put it in there for you. We will come to that in a minute; I will tell you how it got in there. *[Interruption]*

He asked whether we consulted the union, the public and the shareholders. A situation comes to your attention where there is a run on a bank. If you do not act expeditiously, what is likely to happen is that all the depositors will lose their money. In fact, a catastrophic situation could have occurred in circumstances where the Government did not act expeditiously. The mere fact that in the current circumstances the Government is being given kudos all over the country by all kinds of people, people from all walks of life, for acting as expeditiously as we did, is an indication of public satisfaction with the course of action that the Government took.

What would have happened had the hon. Members opposite been in government? They would have first called in the union; they would have argued for a long time; then they would have called in the employees, because they have to consult everybody. When they were finished, they would have talked to the shareholders, then the policyholders and then they would have gone to a series of public meetings every Monday night all over the country.

What is important to them is to consult the people rather than take any course of action that will save the situation. That is what the Member is advocating to this honourable House and to this country. It is not by accident that they are there and we are here. *[Desk thumping]* That is what they are saying. Not only that, but as they said it, I looked at Members opposite who should know better and they are applauding, smiling and agreeing with what their leader is saying.

**Hon. Member:** Did you consult the Leader of the Opposition and say *[Inaudible]*?

**Hon. P. Manning:** The Leader of the Opposition also said that we should have brought this legislation long ago and you asked if I consulted the Leader of the Opposition. The last time I consulted the Leader of the Opposition on a matter of national importance was in 1999. The issue at the time was the crime situation and the police. I was in Opposition. *[Interruption]* Could I be allowed to continue my contribution? *[Interruption]*

Thank you very much. At least the leader is now exercising some leadership for which I thank him very sincerely.

**Mr. Ramnath:** [*Inaudible*] inform your Minister to pull the money out first.

**Hon. P. Manning:** One man who does not listen to you.

Madam Deputy Speaker, in 1999, I went to the Leader of the Opposition and said that the bandits in this country could get on the way they did because they felt that the politicians were unable to unite against them. I said: Let us talk and they agreed.

**Mr. B. Panday:** Let us talk now.

**Hon. P. Manning:** Any time you are ready. Do you want to go behind the Speaker's Chair now? I will carry Jack with me. Come. [*Laughter*]

**Mr. B. Panday:** That will solve everything.

**Hon. P. Manning:** We talked. We drafted legislation; put a team together and so on. We consulted the public—we did all the consultations. There was an election in 2000 and we lost it. We did not finish the exercise then, but an election came up in 2001 and we agreed before that whoever won the election would have the support of the group that lost. We ended up in government and the minute we did, the attitude of my friends, the Member for Couva North and the Member for Tabaquite, changed. You must understand that.

They talked about our not consulting them. The minute it has to do with anything uplifting for Trinidad and Tobago, the answer of hon. Members opposite, under the distinguished leadership of the Member for Couva North, is no. Do not pretend we do not know it; we know it. It is not the only time.

I was in Opposition in 1997 or 1998 when the Secretary General of Caricom came to see me in the Office of the Opposition, indicating that they wanted to establish a Caribbean Court of Justice which needed a special majority in Parliament. But because the Member for Couva North, who was Prime Minister at the time, told our colleagues in Caricom that he was not sure what position Manning and the PNM would take, he came to see me at the instruction of the Heads of Government.

I assured them that we would support the establishment of the CCJ because they needed that commitment to agree to establish the CCJ in Port of Spain. We gave the commitment and they took the decision and they established the CCJ in Port of Spain. Before the matter could be consummated in the Parliament, the government changed. We ended up in government and suddenly it was a different course of action that they took; a different point of view.

In other words, ladies and gentlemen, they have no proper concept of right and wrong; it is political expediency all the time. It was good when they were in Government and we in Opposition, but the moment we got into government and they in Opposition, it was bad, not for the first time, on two matters of major national importance.

How, in the face of those two developments, could we now accept what the Member for Couva North is saying, that we should have brought this last year, when we did not have the special majority we have today? On what basis could we have moved on the assumption that we would get the support of hon. Members opposite. In fact, our experience is that we were not going to get it at all.

All this talk today about needing to consult, all they are saying is that they are not supporting this. We knew it before we came. This is nothing new. We knew it. Nothing that is uplifting, that is in support of the people, that is based on good sense and good judgment will get the support of Members opposite under the distinguished leadership of the Member for Couva North. So we know it.

I told the Cabinet on Thursday last that when this matter came to the Parliament, they should watch out for the HCU matter that would come up and the context in which they would bring it up. They did not use the words, but they implied in many respects that it had to do with ethnicity rather than anything else. [*Protests*] That is what you all were doing.

**Mr. B. Panday:** We never mentioned a single—[*Inaudible*]

**Hon. P. Manning:** I know you did not mention it. You did not have to because you think that everybody is “dotish”; that you will sit and play smart with foolishness and nobody will know.

Just for the record, I would like you to check the composition of the membership of the HCU. It is not what you think it is. More than that, the accent was on Hindu, you know.

[MR. SPEAKER *in the Chair*]

**Mr. B. Panday:** You are a Hindu?

**Hon. P. Manning:** That is the point. Not only am I not a Hindu, but I cannot be.

**Mr. B. Panday:** Who says so?

**Hon. P. Manning:** There is a definition. That is the point. They do not care what comes before them, they see it only in one set of terms and they give the impression to this Parliament and to the national community that we are liable.

*Central Bank (Amdt.) Bill*  
[HON. P. MANNING]

Monday, February 02, 2009

I sat here and listened to the Member for Couva North making the point that we are trying to get our hands on the assets of Clico. *[Interruption]* I am coming to that just now. I listened to the Member trying his best to prevent the Government of Trinidad and Tobago, the duly elected Government, from putting its hands on the assets of CLICO. I asked myself: Why is that so? *[Interruption]* You did not say that then. You were saying Colonial Life.

Why is it so critical to the Member that the assets should not fall into the hands of the PNM? I sat here and pondered and something struck me, and I began to wonder. In fact, I will ask the question. I began to wonder if an apartment in Kensington, London is included in the assets of Colonial Life Insurance Company Limited (CLICO). I do not know.

**Mr. B. Panday:** In Germany.

**Hon. P. Manning:** No, Kensington in London. Why is my good friend getting on so for? Why is my good friend losing his cool? *[Interruption]* We are talking Kensington, London right now. *[Interruption]* It is not far; it is about \$10 million away.

I am going to check it. It just occurred to me that may be part of the reason, so I am going to check it. Stay tuned. In fact, we may very well now be in a position to get the details of a certain transaction. We will see.

**2.45 p.m.**

Mr. Speaker, I did not intend to participate in this debate, nor did I want this debate to reach to this. I was sure that everybody would have accepted that there is a—*[Interruption]* you could deal with whatever you wish. You are dealing with Kensington? My advice to you is to say nothing about matters with which you are not familiar. You know nothing about it. *[Continuous interruption and crosstalk]*

**Mr. Ramnath:** I am retired now.

**Hon. P. Manning:** So you could say what you want now. I see. *[Interruption]*

**Mr. Ramnath:** “Yuh cyah put Malcolm after meh.”

**Hon. P. Manning:** I see. “What dey call it, St. Hillarie?” I have all the facts. *[Interruption]* “Why yuh doh leave meh alone?” *[Interruption]* Okay. I am not threatening anyone. All I said is that I am asking a certain question and I am indicating to everybody that I am going to check. *[Interruption]*

**Mr. B. Panday:** “Ah checking too!”

**Hon. P. Manning:** Leave me to check, please. Is it that you are against me checking? *[Interruption]*

**Mr. B. Panday:** No.

**Hon. P. Manning:** “Well doh vex with meh for checking, please. So ah going and check. What is all ah dat? We checking.”

Could you imagine, Mr. Speaker. *[Interruption and crosstalk]*

**Mr. Speaker:** With all this checking, we would not be in this position with cheques. Let the Member make his contribution, please.

**Hon. P. Manning:** I am browbeating. What is that? Why is my friend getting vex with me? “Long time I eh see yuh.” *[Interruption]* Okay, good. Thank you.

Mr. Speaker, why would the Member for Couva North have an objection to the Government of Trinidad and Tobago making appointments to boards of directors in which the Government has a majority shareholding? By law, that is how it is done. Who therefore—*[Interruption]* Let me ask a question: You do not want the Government, who, may I suggest, are you asking to do it, if the Government should not do it? We agreed to operate by certain rules, but once hon. Members are on this side the rules are in order and the minute they get on that side, the rules must change. It will be all right for them to do it, but it would not be all right. Everybody should have confidence in the appointments that they would make to the board of directors.

Let me tell you how they operate. Let me say to hon. Members and this entire House, in our dealings with Clico, no deals were made. There were no deals. Upfront, the agreement has been laid in the Parliament. Everything is on top of the table and what you see is what you get, as opposed to what happened when they were in government. Do you know that a state enterprise has a deposit in Clico of up to \$3 billion? Are you aware of that, Mr. Speaker? You may not be. I would tell you which one it is too. It is the National Gas Company (NGC). They have a deposit in Clico Investment Bank of up to \$3 billion. I want everybody to know it. *[Interruption]* Yes, it is guaranteed because the State’s intervention had guaranteed it, as in fact it has guaranteed the deposits of all investors in the country. All investors in CIB, except the inter-company transactions have been guaranteed. They would be transferred to the First Citizens Bank. They might get a lower interest rate, but it is guaranteed.

How did National Commercial Bank find itself in that situation? Do you know how it started? It started when they were in government, because at the

*Central Bank (Amdt.) Bill*  
[HON. P. MANNING]

*Monday, February 02, 2009*

time there was a very close relationship between my friend from Couva North and the leader of Clico. *[Interruption]*

**Mr. B. Panday:** Is that why you are doing this?

**Hon. P. Manning:** No, we are saving him. We are not scuttling him at all, contrary to what you might have expected. We are saving him. We are not scuttling him. We do not operate so. We do not operate on the basis of bad mind. We do not operate so at all; we are saving him. But listen to this—*[Interruption]*

**Dr. Moonilal:** Tell Sat Sharma.

**Hon. P. Manning:** For the record, I think I should tell the Member for Oropouche East that just before I had surgery in Cuba, I saw an article in the newspaper where Mr. Sat Sharma, who had gone through a similar surgery before, expressed the view that he would have loved to speak to me before I had the surgery and I called him. We had a very cordial conversation for about 45 minutes.

Let me get back to my friend. Instructions were given to NGC to place a certain deposit in Clico Investment Bank. Do you know how they did it? They did not go directly to the bank and place it; they called in one of the UNC's activists. *[Interruption]*

**Mr. B. Panday:** Name names.

**Hon. P. Manning:** Name names? *[Interruption]*

**Mr. B. Panday:** Yes.

**Hon. P. Manning:** I would tell you who to ask to find out the name. The money was placed through that individual who is an insurance agent and who is now a councillor and was a councillor then too. "Yuh know who ah talking about. Or yuh doh know yet?" I will tell you. The money went through that individual and into the bank. In other words, they did it in such a way that an agent of Clico who is a friend of theirs and one of their councillors, came into a substantial quantity of money by way of commissions. That is how they do it. The question we did not ask then and I would ask now is: Who else got in it? I did not ask it then; I would ask it now. That is how they conduct their business. *[Interruption]*

**Mr. B. Panday:** Oh, please, tell me.

**Hon. P. Manning:** You check and see the history. That is how they conduct their business. No, I want you to answer it for yourself. I am not telling you what you already know. You know it and if you do not know it ask the Member for

Tabaquite, because he knows it. He knows it. Or ask the Member for Oropouche East, he knows it. *[Interruption]*

**Dr. Moonilal:** Me?

**Hon. P. Manning:** “You self.” Ask the Member for Caroni East, because he knows it. What you know? All of a sudden nobody knows. *[Continuous interruption and crosstalk]*

**Mr. Speaker:** No, I think the Hansard reporter is having great, great difficulties. Let us assist the Hansard reporter. Continue.

**Hon. P. Manning:** Who is the man you made reference to, Mr. Sharma?

**Dr. Moonilal:** You need to watch this health concern.

**Hon. P. Manning:** “Cool it. Doh bother bout me.” I am protected by my God. “Doh worry bout me.” What name did you use just now, Sharma?

In the context of the NGC deposit into CIB and how it took place, for those who did not know, the commission was over \$1 million. In fact, the individual, I understand, was credited with bringing so much business to Clico that the person was given a place on the board. Right or wrong gentlemen? *[Interruption]*

**Mr. B. Panday:** Call name!

**Hon. P. Manning:** “Or, yuh get pip. All of ah sudden yuh cyah talk.” Member for Tabaquite, right or wrong?

**Mr. Maharaj SC:** I do not know.

**Hon. P. Manning:** You do not know.

**Mr. B. Panday:** “Doh call it here, call it outside!”

**Hon. P. Manning:** Member for Cumuto/Manzanilla, right or wrong? “Eh, ah, ah, mmm, ah?” Watch, they all know. Everybody knows. What beats me—*[Interruption]*

**Mr. B. Panday:** Know what?

**Hon. P. Manning:**—is that they come to this Parliament and behave like Caesar’s wife, above suspicion. That is how they behave when everybody knows if—*[Interruption]*

**Mr. B. Panday:** The same thing you did to Rowley.

**Hon. P. Manning:** This country should be pleased. This country should say thank God you all are not in government now with this situation facing us, because if you all were in government at this time, it would have been deal after deal after deal, as opposed to what this Government has done.

Mr. Speaker, we do not know what the final figure is. Do you know what the liability that we are assuming at this time is? We are not so sure it is the final figure; it is far from the final figure. As it now stands, the liability is between \$7 billion and \$8 billion. That is the liability, the shortfall; the question that you asked. It is between \$7 billion and \$8 billion at this time and it is counting. That is the figure. Do you know what they are saying? They are saying that what we should do instead is take the money and lend it to CL Financial. In other words, the “fellas” who brought the company into that disrepute and who brought the company to its knees and who have caused so much anxiety among the depositors in CIB and the persons who buy annuities from Clico; all that anxiety among them—what we are being told by Members opposite is that we must make that money available to them, \$7 billion to \$8 billion, so that they could retrieve the company. That is what they would have done and that is what they are saying that we should do. [*Interruption*]

**Mr. B. Panday:** What is the source?

**Hon. P. Manning:** Forgive me. Pepper sauce. I am sorry. With the greatest deference, we are of a different view. It is a pity, ladies and gentlemen, that we cannot be assured of the support of hon. Members opposite on this matter, because we believe that whatever the cut and thrust that takes place—we expect that in politics. There are certain issues that are of national concern and which ought not to be the subject of the political cut and thrust. We believe that this one is.

One final point I want to answer before I sit. Mr. Speaker, CL Financial had assets. They were illiquid and technically insolvent, but they have assets. In other words, it is possible to dispose of some of the assets to recover money, but over a period of time. With a hole as deep as \$7 billion to \$8 billion you could not leave the company in the hands of the people who brought it into that position. You cannot do that, because what you would expect is more of the same. You cannot do that. In the interest of the shareholders, depositors and the policyholders, the Government has come in and in a sense guaranteed the whole transaction and decided to restructure the organization. You have to do that. This is what the Government has decided to do.

When the hon. Member for St. Augustine was speaking I had asked: “Why is it that the Government of the United States allowed Lehman Brothers to go under? Why did the Government of the United States allow Bear Stearns to go under, but the Government of the United States decided that AIG must be saved? Why, is it discrimination?” The point the Member for St. Augustine made that it is being said now, a commentator or two had made that point, we heard it, that perhaps the United States Government should have intervened since Lehman Brothers. That is the point of view of one or two individuals and they are entitled to that point of view. It is by no means the conventional wisdom. It is by no means the point of view that has gained widespread acceptance. Everybody understood that Lehman Brothers was another business enterprise.

If we extend the argument of the Member for St. Augustine, what he is saying is that anytime any established business in this country, the minute that business is threatened, the Government must step in and underwrite; that is what they are saying. That is the conclusion. That is the logical conclusion from what the Member for St. Augustine is saying. What we are saying is that cannot be so. The Government will only intervene if there are national interest considerations that cannot be ignored and that is what has happened with Clico. Fifty-three per cent of the insurance industry is controlled by Colonial Life. To leave that, to not intervene—*[Interruption]*

**Mr. B. Panday:** By you!

**Hon. P. Manning:** By me? I do not have a policy with them. I have none. To leave it so—*[Interruption]* Money in CIB? I have no money in Clico Investment Bank. *[Interruption]* In charge of what?

**Mrs. Persad-Bissessar:** I would tell you.

**3.00 p.m.**

**Hon. P. Manning:** I could tell you. In case you do not know, do you know what is the difference between this Government and that one? We have full disclosure in this Government. The Prime Minister knows and the Prime Minister is satisfied that there was no impropriety. Let me tell you it from now, so you could say what you have to say next. *[Interruption]*

**Mrs. Persad-Bissessar:** Thank you.

**Hon. P. Manning:** Feel free to say what you want to say.

**Mr. Speaker:** Order!

**Hon. P. Manning:** Mr. Speaker, the American government moved to save AIG, it did not move to save Lehman Brothers; it did not move to save Bear Stearns. In the same way, Clico was too significant a company in the financial sector of Trinidad and Tobago and if Colonial Life Financial was allowed to go under then it would have affected the entire system, and without Government intervention, the last state could have been worse than the first.

In the case of the Hindu Credit Union, there were no assets to back up the liabilities of the company. Not only that, but the Hindu Credit Union is in a very different situation from Clico, and therefore, it was the Government's judgment in this matter that the Hindu Credit Union should be left on its own, because there was no systemic threat. [*Interruption*] You could say what you want, if you were in government, you would have done something else. That is the judgment of the Government. There was no systemic threat in the matter, and therefore, that is the way we handled the matter. [*Crosstalk*]

**Mr. Speaker:** Order!

**Hon. P. Manning:** It is a pity.

**Mr. Ramnath:** If you all are trying to convince us to vote, you are wasting your time.

**Hon. P. Manning:** But you are not voting for it anyway. We know you are not voting for it.

**Hon. Members:** We did not say that.

**Hon. P. Manning:** You did not say that? You did not say it in so many words. [*Interruption*] We went to school too. That is the problem, we went to school too.

**Mr. Ramnath:** You are a "see-er man".

**Hon. P. Manning:** Yes, yes. You all have this view that you alone smart; you alone went to school, so you alone could think. We could see it; we hear your contributions, you know. Who you want to consult? You want to consult the trade union movement. You want to consult the workers. You want to consult the policyholders. You want to consult the depositors. Who you want to consult again? And you want to do it every Monday night?

**Mr. B. Panday:** Monday is to inform them what we are doing here, not to consult.

**Hon. P. Manning:** I see what you mean. The Government of Trinidad and Tobago has dealt with this matter in the best way that we know how to do it. It is

significant that our actions and our timely actions have been the subject of a great deal of public approbation by individuals and organizations who are familiar with these matters.

We are very proud of the fact that we have been able to operate in the way we have, and by that intervention we have saved, not only Colonial Life and its depositors, but the financial system and the insurance system in Trinidad and Tobago. [*Desk thumping*]

I am in a position to give the assurance to the depositors of Clico Investment Bank, and of the insurance company Clico, that the actions of the Government will protect their investments. There is no need to panic. In fact, I have heard one commentator say that the depositors might be better off today than they were a week ago. Even if their interest rates may have to be a little lower, because the interest rates at Clico at the time were unsustainable and were partially responsible for the situation in which they have found themselves today, but their investments are assured.

The Government of Trinidad and Tobago will continue to govern this country and deal with these issues before us without rancour, without fear or favour, with malice to none, but in the interest of all citizens of Trinidad and Tobago.

Thank you very much.

**Mrs. Kamla Persad-Bissessar** (*Siparia*): Thank you, Mr. Speaker. As I am sitting here listening, I have a sense of déjà vu, because I recall on so many occasions in this Parliament and within recent memory, whenever the Prime Minister and his Government are under serious attack, the Prime Minister jumps up, attacks and accuses everyone of all kinds of wrongdoings.

We saw that here in the budget debate when after the licking that the Opposition put on the Government, I would say, the responses to that budget presentation, the Prime Minister suspended all the Standing Orders; he appeared to have gone, in local parlance, loco. [*Laughter*] And so the Prime Minister suspended the Standing Orders—[*Interruption*]

**Mr. Speaker:** Order, please! Hon. Members, please. The hon. Member for Siparia is on her legs, I would like to hear what she has to say, and while she is saying it I would like to listen to her alone. The Standing Orders do not provide for five and six Members to be talking while a Member is contributing. Please, hon. Member, continue.

**Mrs. K. Persad-Bissessar:** Thank you, Mr. Speaker. The hon. Prime Minister called for the Standing Orders to be suspended so that he would be able to speak for an extended length of time, and on that occasion, went off, really as I say—anybody listening; I do not care; I have said to him he could say anything; I am not afraid of him; any one of them, anytime, any place, anywhere. [*Desk thumping*]

On that occasion, the Prime Minister accused me of tinkering with results in the Common Entrance Examinations. How many years? Eleven years ago when I rose here on a point of order, saying that that was imputing improper motives, I was struck down, no, I could not do it. The Prime Minister got up to say that he was preventing me from being locked up; making up these things and then launched into the Member for Diego Martin West about the Cleaver Heights issue and where the \$10 million “gone”. It is the same thing that is happening today, talking about some commissioners, some agents and collecting and putting into NGC. It is the same nonsense.

Last week Friday when we were told in this Parliament that we were going to be dealing with these Bills in an urgent manner with respect to the Clico bail out, rescue plan, takeover—and we will talk a little more on that—the Prime Minister looked across at me and said, and some of you may recall, "Oh, you have money in Clico, it is for you too." I said, "I have money in Clico, Sir?" I said, "Are you spying on me?" Hon. Speaker, I will tell you today who had money and who moved it, because the Prime Minister has said that his Members acted with propriety. I am going to read for you from the Prevention of Corruption Act, and then to ask you whether that was acting within the law or acting with propriety. When we read the Prevention of Corruption Act, section 5 states:

"Any person who being an agent..."

Let me go back to section 2, the definition of what "agent" means in this law:

"‘agent’ includes any person employed by or acting for another and any person serving under the State or other public body or holding a public office."

When we come to public body, it includes the Cabinet, the House of Representatives, the Senate, Tobago House of Assembly, statutory public authorities of all descriptions. So, we come to:

“Any person, who being an agent—”

and therefore any one of these persons in public office.

- “(a) corruptly uses official information for the purpose of obtaining any gift, loan, fee, reward or advantage whatsoever for himself or any other person;  
is guilty of an offence.”

Any person, who being an agent—and again, a person in public office—

- “(b) who corruptly communicates official information to any other person with a view of enabling any person to obtain gift, loan, fee, reward or advantage whatsoever is guilty of offence.

6. (1) A person who commits”—any of these offences—“is liable, whether upon summary conviction or upon conviction on indictment, to a fine of five hundred thousand dollars and to imprisonment for ten years and, in addition, shall be ordered to pay such public body and in such manner as the Court directs, the amount of the value”—received.

Mr. Speaker, this is clearly under the Prevention of Corruption Act, that if a person gets information, and he uses that information for gain for himself or any of his family or any person otherwise that he knows, then he is guilty of an offence.

When you look at the Integrity of Public Life Act, there is a similar code of conduct in the Act, that you cannot use your position for your own advantage or advantage of your family or friends. If that happens, then the Director of Public Prosecutions (DPP) is to be notified; the DPP is brought into the loop.

So, today I am saying I have information and I am asking this honourable House to confirm, because the hon. Prime Minister said, yes, his Members acted. He said, they should declare; they should know. He said, they acted with propriety. Both the Minister of Finance and the Governor of the Central Bank withdrew moneys from the CIB, from the Clico group, prior to Friday, after knowledge and information came to them.

I was told the sequence of events went like this, and come back to NGC and tell us if it is true. I am asking, tell us if it is true. The Prime Minister talked about a run of \$250 million. It is interesting, that is the exact figure that NGC made a run on CIB. A state-owned company made a run totalling \$250 million. I asked the Prime Minister if it is US dollars or TT dollars. He did not answer, because you were in full flight perhaps. I am told US \$250 million, totalling from October last year to this year from the NGC. [*Interruption*] Well, tell us how much?

*Central Bank (Amdt.) Bill*  
[MRS. PERSAD-BISSESSAR]

*Monday, February 02, 2009*

So, NGC created this run, contrived this run, and brought this run, to bring down Clico to its knees. Today, when we heard the Prime Minister, we understood why. This is the man who told Marlene Coudray—what was it? "I will do for you." Therefore, he has never forgiven Clico and the Clico chairman from being friends of the Prime Minister of the UNC. "I will do for you" And you will recall for months, almost for a year or two years, police raiding Clico house. I did not even remember all of that. I do not even have that in my notes. It is only when the hon. Prime Minister came here, and they said, vicious slip, that it came out, that he went back to remind us of the friendship of Clico and why this is being done.

Today, I call upon the Prime Minister and the Government to tell the nation, which of their Ministers, if there are any others, which public officials withdrew money using insider information to take money out before the Clico crisis on Friday. Tell us. Instead of taking Lindquist to look after Cleaver Heights, because I think that is cleared, there is a forensic engineer already employed by the Uff commission, do not waste my money, do not waste taxpayers' money to send Lindquist to Cleaver Heights, send him to investigate which Ministers and Government officials withdrew money from the CIB and the Clico group and the state enterprises with prior knowledge.

My information is that an official from Clico went to the Central Bank, had a meeting to say, look, we were having difficulties earlier in the month of January. Based on that, thereafter a letter was sent indicating difficulties, then there was all these frenetic negotiations, which culminated in the press conference on Friday, the MOU, and so on.

Within that time frame, if the Governor of the Central Bank is going to be taking over these companies, as they are, because the Central Bank is being given all these powers and so on now, by this law, we have serious problems. You cannot pontificate to the public to talk about integrity, prudence and good governance, when you used your insider knowledge to withdraw money from CIB. [*Desk thumping*] You cannot do that. If the Minister of Finance is also involved, tell us. I do not know, that is the information I got. The Minister of Finance, under the Central Bank Act, has a host of duties in this regulatory. I will sit and let the Minister answer if she did so or did not do so.

**Mrs. Nunez-Tesheira:** What I will say at this point in time, in my winding up I will respond to what you said. I just want to say to you that I did not use any privileged information to my advantage. [*Crosstalk*]

**Mrs. K. Persad-Bissessar:** I will again ask—and I will sit again—the Minister, did you or did you not withdraw money from CIB in January of this year and I will wait.

**Mrs. Nunez-Tesheira:** I said I will respond at the end of the debate. [*Crosstalk*]

**Mr. Speaker:** If the Member for Oropouche wants to speak, then the Member for Siparia will have to take her seat. Let the Member speak; you are not entitled to speak at this point.

**Mrs. K. Persad-Bissessar:** Thank you very much. You see that is the problem. You have an opportunity to answer to the nation; you want to do it in your winding up when nobody else can speak after you. I was not going there today, to be honest with you, but when the Member for San Fernando East stood here to cast the kind of aspersions and talk about corruption, you know, that Prime Minister making people like Ish and Steve look like little boys; Calder Hart, UDeCott and what is happening here with the CIB and so on, like little boys in primary school. The level of corruption under this PNM is the greatest we have ever seen in this nation.

So do not lecture us about corruption, and threaten my Members that you will tell the Member for Couva South where his money is, where he got it and how he did not get it. And that is another point.

### **3.15 p.m.**

The Members for Couva North and St. Augustine raised it, that you are saying you want to go and take over this bank, you are now going to be privy to. You will have knowledge, not just of what is in First Citizens Bank (FCB) and in Colonial Investment Bank (CIB), you will now want to go into the accounts of thousands of people in Republic Bank to come here to threaten us with what is our bank account. You told me I had money in CIB, well your spying was very wrong because I have none whatsoever. It is very clear, my hands are clean. I have no interest in Clico, CIB and so on, but I do have my little bit of dollars in Republic Bank, as do so many thousands of other persons in this country. And it is not about ethnicity, hon. Prime Minister. It is not about ethnicity. Again, you see it is the Prime Minister who introduced the whole ethnic issue into the debate, again it slipped out.

**Hon. Member:** It is in his heart.

**Mrs. K. Persad-Bissessar:** It is in his heart and in his mind. Nobody on this side raised that issue. It was the hon. Prime Minister, because it is in his mind and

*Central Bank (Amdt.) Bill*  
[MRS. PERSAD-BISSESSAR]

*Monday, February 02, 2009*

heart as you are saying. It is inside of him and so he has to come here—we are dealing with Clico and the problems of Clico, and at the same time we have raised the issue of the people of the Hindu Credit Union (HCU).

**Mr. Dumas:** You did not hear everything.

**Mrs. K. Persad-Bissessar:** I was here, I listened to every word. You remember we have live broadcast? I listened to every word from the beginning of this debate up to the present time, so do not try that. "Don't try it."

So here we are, we are talking about the Clico rescue plan or operation rescue plan. We raised the issue of the HCU people who have also suffered and what does the Prime Minister tell us? It has to do with the word "Hindu", it has to do with ethnicity and we are raising this. Well, I want to make it very clear, you are not being honest when you say the law was not there and the Central Bank cannot handle credit unions and so on, and cannot take care of them. I am asking you today, that when you make this amendment to the Central Bank Act that you also include in the amendment, that you are making the depositors of the Hindu Credit Union. You can do it now! [*Desk thumping*] You can do it now! So you are not being truthful with the nation. When you say this law was not about credit unions, you are not being truthful because this law is not about insurance companies either. What you are attempting to do here now, is to put the insurance companies under the purview of the Central Bank and to give the powers and the assistance, because look at the Bill, we could finally actually get to a clause in this Bill after hours of debate.

When we look at the Bill to amend the Central Bank Act, we see that 44D(v) has been added and this is in clause 5(b). It says:

"To provide such financial assistance to companies which carry on the business of banking or business of a financial nature as licensed under the Financial Institutions Act 2008, as it considers necessary to prevent the collapse of the institution, other than an insurance company regulated under the Insurance Act."

When you come to the Insurance Act, you are now given that power and you are amending it to help them. So, why it is we cannot in this very Act which has in clause 4, "'institution' has the meaning assigned to it under the Financial Institutions Act, 2008 and includes an insurance company." Why do we not also say "and includes credit unions". Why? Why? Why? [*Desk thumping*] So insurance companies were not here, put them in now.

**Mr. Imbert:** I thank the Member for giving way. If you read the two pieces of legislation together, you will see that whereas under the Central Bank Act, the Central Bank is empowered to give financial assistance to banks. It is clear that no attempt is being made for the Central Bank to put funds into an insurance company, and that is why the words "other than an insurance company" are here. And while I am on my feet, is the Member saying that we should now put all credit unions under the ambit of the Central Bank? Is that what you are saying?

**Mrs. K. Persad-Bissessar:** Until such time that you have a regulatory framework, I am saying yes. [*Desk thumping*] Because you have a regulatory framework now for banking institutions, you are now having the regulatory framework for the insurance businesses and put it also for credit unions. Because it is not just HCU, other credit unions are going to be coming too. We had one recently, Member for Princes Town North—

**Mr. S. Panday:** In Point.

**Mrs. K. Persad-Bissessar:**—the one in Point that collapsed. These are small people in this country. The Member for Couva North made it very clear. When the Member for St. Augustine spoke, he talked about who are the people affected; he talked about systemic collapse. When it is a little grain— "every drop of water, every grain of sand" that is what builds; each little building block, and these are the small people of this country. When you kill them, you think the massive institutions are going to stand? They will not stand. So today, what the Leader of the Opposition has been saying to you, and it was totally misinterpreted and I think that was done maliciously on the part of the Member for San Fernando East—total misinterpretation. What the Leader of the Opposition was saying is, "Listen, you gave us this Saturday, you changed it by Sunday night, by the time we came Monday morning, something different." And I would not doubt that by the time we reach to committee stage it will change again. If you yourself would be making all these changes, what the Leader of the Opposition said, was let us please, get some time. Where is the urgency in this? So that we can consult ourselves, we can look at the law because it is too far reaching and too wide rigid. That is all he was saying and from that we got a tirade.

We went back to 1999 about some meeting and consultation on crime; we went back to Caribbean Court of Justice, all the weapons of mass distraction again. It is typical modus operandi. When we have serious issues to deal with, weapons of mass distraction to take you away from the issues. So was the Member saying these were the things which caused the collapse of CIB, Clico, and so on, this meeting in 1999? Let me remind the hon. Prime Minister, the Leader

*Central Bank (Amdt.) Bill*  
[MRS. PERSAD-BISSESSAR]

*Monday, February 02, 2009*

of the Opposition also met with him recently in 2003/2004 to pass the crime package of legislation. What has happened to that? We gave our special vote after you guys met, after the teams met, what has happened? Crime has just gone totally out of control. Has not helped anyone. So when you are remembering these consultations, remember your broken promises—[*Interruption*]

**Mr. Ramnath:** Loss of memory.

**Mrs. K. Persad-Bissessar:** Remember it because you promised that you will bring a Gun Court Bill, the special drugs, and the money laundering legislation. I think the Leader of the Opposition might have mentioned it, you are going to be selling these assets to who? We must be sure at what price. We must be sure that it is not going into the hands of some drug lord, some drug company, and some Mafioso company. Those are things that we need time to check to see what is happening.

So, as I join this debate here, these were the issues that arose, the chronology of events and what appears to me to be illegal behaviour on the part of Government officials and other officials, the effect that this will have now on pension plans. It is not true the Governor of the Central Bank talked about pension plans, about NIB being part of the moneys being used? But the money in NIB is not your money, that is the pension money of the workers of this country. If you are going to be taking this money now and investing it in this concern, we need time, we need to know from you how it is going to work.

The Leader of Opposition already said that you are going to put board members like Calder Hart and whoever. If the NIB is going to be involved as the Governor of Central Bank has said, I repeat the call of the Leader of the Opposition, Calder Hart must go now. He cannot remain in charge of the NIB, given the revelations that have come and then be the one now going into this transaction. You have said you would use NIB funding as part of the funding, you cannot leave him there. In fact, he should have been removed until this enquiry is terminated and decisions are made. He should not be staying on those boards at all because the revelations are damning. Hon. Prime Minister, do you want to say something?

**Mr. Manning:** No.

**Mrs. K. Persad-Bissessar:** It is okay. Hon. Speaker, when the Leader of the Opposition spoke, the Member for San Fernando East made heavy weather of the Member for Couva North said they did nothing wrong. Well, I was sitting here, I think we all were and I listened and I distinctly heard the Leader of the Opposition

saying, they did nothing illegal. That in effect what it was is that the Government failed in its duty to regulate and to take care of what was happening there. If you look at the Central Bank Act, it is very clear that the Central Bank had powers to step in to intervene and to deal with the matter as far as CIB was concerned. Under the Act they had power. Why did they not do that? It is only because they were waiting to pull their money out first before they stepped in and intervened? I do not know.

You had power to deal with these people under the Central Bank Act, under the Financial Institutions Act, that was December last year we passed that. You had power under those. When it came to the insurance company, you were saying that you do not have the power and if I look at it carefully, most of the amendments are to deal with insurance companies.

**Hon. Member:** A supervisory position.

**Mrs. K. Persad-Bissessar:** That is the point. There was a supervisor of insurance, but hon. Leader of the Opposition you talked about the White Paper on the Reform of the Financial System. This is the White Paper of 2004 and when we come to insurance companies, it was very clear in your own White Paper since 2004 and we have raised this here before, that you gave undertakings and you promised to restructure the insurance companies and the whole industry to prevent what has happened now.

So, when the Leader of the Opposition says that you were to blame, he is totally correct. He is totally correct because you have failed. You have neglected to put the regulatory framework into the financial sector, into the insurance industry and that has caused what has happened today. That is one way. That is really negligence, but we are of the view and unless you tell us otherwise, the information that has come is that you have contrived the run on CIB. [*Desk thumping*] You contrived the run on CIB, and therefore you must come and tell us different, by using NGC. You used NGC—[*Interruption*] It is not a question of law. I am asking the questions, is it true or not true? Is it true or not true that NGC made a run of \$250 million withdrawals out of CIB? Who is NGC? NGC is a government-run company with your appointees on the board. Is it true or it is not true that NGC withdrew; they made runs on CIB? Go ahead.

**Hon. Enill:** Mr. Speaker, I thank the hon. Member for giving way. As we speak today, my information is that NGC has not received the money. NGC has as part of its normal investment portfolio, has short-term deposits maturing at specific periods in time. In other words, they have a portfolio for the months of

*Central Bank (Amdt.) Bill*  
[MRS. PERSAD-BISSESSAR]

*Monday, February 02, 2009*

January, February, March, April and May as we speak now. They requested \$250 million to make PAYE payments and they have not received it as yet, I think they received US \$14 million and hopefully we will get it during the course of this week as a result of the changes, but it is in the normal course of business.

**Mrs. K. Persad-Bissessar:** So it is true. It is true that they requested \$250 million. It is time. It is true that \$250 million was requested.

**Mr. Speaker:** Order!

**Mrs. K. Persad-Bissessar:** You have admitted it. I am not going with that argument with you. Two hundred and fifty million dollars, you have admitted, was requested—[*Interruption*]

**Mr. Imbert:** [*Inaudible*]

**Mr. Ramnath:** Who put the \$3 billion in there?

**Mrs. K. Persad-Bissessar:** Well, that is it. The threat now when you call in the guys was, "Look, I want my \$3 billion, is either you let me take this thing over, sign this paper or we are going to lick you up. I am calling in my \$3 billion. "

**Mr. Imbert:** No.

**Mrs. K. Persad-Bissessar:** That is what it is.

**Mr. B. Panday:** Yes.

**Mrs. K. Persad-Bissessar:** That is what it is.

**Mr. Speaker:** Order!

**Mrs. K. Persad-Bissessar:** So the \$250 million—well, the Minister will answer. I am sure he will speak—we do not know if it is US or TT that was called in. This is what we were advised and that is the point the Leader of the Opposition was making, we do not have the information. He was saying to give us the time so we can get that information and we can find out what is happening, so we can make an informed decision. You are confirming when you protest what I am saying. So we are hearing all these rumours, you are the ones who have all the inside information. You are the ones who can share it, you are the ones who can tell us and we are saying give us the time. That is what the Leader of the Opposition said, which is perfectly reasonable. What is the haste?

**Hon. Member:** It will crash.

**Mrs. K. Persad-Bissessar:** It cannot crash. You have not told us how it will crash yet. We asked you to tell us. Give us the information so we will know.

In the Bills themselves, I want to suggest to you, you have properly recited in the amendment to the Central Bank Act—this is my last point to you—the wording to set out for the special majority. I am of the respectful view that the amendment to the Insurance Act also requires a special majority and I will ask you to consider. For example, if you look at the Insurance Act, it is the same taking of information and sharing of information. So you have now made both as requiring a three-fifths majority. Fair enough?

So, hon. Members, hon. Speaker, through you, I thank you for this time. I wait with bated breath to hear all those who withdrew money prior to the Act. [Interruption]

**Mrs. Nunez-Tesheira:** And the Integrity Commission.

**Mrs. K. Persad-Bissessar:** Madam, let us not go there, because if we go there we will go back to the Integrity Act. You filed it years after time and you admitted that in the House, [*Desk thumping*] so let us not go back there. When they run in there to put their hands on these assets, what will happen? Will these pieces of paper disappear? Will the withdrawal slips disappear or would they still be there? When we talk about the Integrity Commission, you filed it out of time, years out of time; so we are not going back there.

### 3.30 p.m.

We are saying today that this is the Clico matter. Our information is this, and we ask for confirmation. If it is so, that you had prior knowledge of what was coming down, the meltdown with CIB, Clico and so on, and these moneys were withdrawn prior to that, that within the month of January the money was withdrawn, not just by the hon. Minister, but the Governor of the Central Bank as well—that is our information, Sir—it is an indictment as to the future of any Government takeover of these matters, with those persons holding those offices.

Under the law, the Central Bank Act, those persons are given the power, duties and functions for regulatory scheme. So it is like somebody said: "You send police to catch thief." Who will guard the guards? That is the point. The police go to catch the thief and when they go, the police take his share first and then lock up the thief. That cannot happen, and that has to be seriously cleared up in this country.

Thank you, Mr. Speaker.

**The Minister of Energy and Energy Industries (Sen. The Hon. Conrad Enill):** Mr. Speaker, I wish to thank hon. Members for allowing me to participate in this debate. A lot of discussion has gone on about this particular issue. I would

*Central Bank (Amdt.) Bill*  
[SEN. THE HON. C. ENILL]

*Monday, February 02, 2009*

just like to bring some clarity, as we understand it, as it relates to the issues being discussed.

In the first instance, the purpose of a bank, particularly a bank that has been licensed as a deposit taking institution, is to provide individuals and businesses with a rate of return and the return on the particular investment. So that, for example, when you contract with a bank, as we did and as NGC did, as was being discussed, we are seeking to match the investment with the portfolio of the particular institution.

The NGC, and many other state enterprises, do invest in institutions that have been certified by the Central Bank as proper institutions in which one can invest. Many institutions actually go into the institution and contract with them in the following manner: I have \$500 million today; I need to pay taxes in three to four months; I need a rate on your short-term deposit, but on that particular day I need the money for a particular purpose. It is in that respect that moneys are, in fact, withdrawn. So the notion of NGC withdrawing money from CIB to cause some particular scheme, is not correct.

The fact of the matter is that NGC has not received the money, and there are other deposits. If you were to look at the last year, and I have asked NGC to give you that information, you would find that every single month over the last year there has been a practice of withdrawing funds that are put in on a short-term basis. In the same manner that CIB is not the only institution in which funds were invested. Every single institution licensed by the Central Bank and considered to be a deposit taking institution has the same kind of characteristics.

As it relates to the other issue that has been raised, as to the difference between—and I think that this is the only way I can characterize it—a credit union and a bank; a bank operates under very specific licensing arrangements, in which the shareholders and the persons involved in transactions are separate. In the credit union what happens is this: The law says that any 12 persons can get together, go to the Commissioner of Cooperatives, have a common place, a common purpose and they can, in fact, lend money to one another, and govern it on the basis of those rules. It is a principle that is significantly different.

In the credit union, the shareholder and those who are involved in the loan process is one and the same. Therefore, the regulations which inform that system are slightly different to that which occurs in the financial system. Therefore, the treatment for both of those institutions is slightly different.

So if a credit union has gone under, as we have just about 20, 50 institutions that have found themselves in difficulty, what is protected, as it relates to shares, is the difference between your shareholding balance and your loan balance, and that net is what is to be covered. That is totally different to a banking institution. Therefore, in talking about the legislation and the difference between the Hindu Credit Union, for example, and the CIB, which is a deposit taking institution, one really needs to understand legislatively how this works.

Sometime ago, there was a discussion about whether or not the credit union system should not participate in the deposit insurance scheme. The reason that is not so is because in the banking system depositors pay for that. In the credit union system, there is something called a credit union stabilization fund that seeks to do that, but the cost of that and the way in which that is managed is slightly different. It is managed through a particular policy by the credit union insurance company that deals with loans and shares. So, for example, the way it works is as follows: The shareholding of a credit union is covered and, in the event that you die, which is where the risk is, twice the amount of your shareholding up to a particular amount is paid and your liability is paid off. That is how that system is dealt with.

Mr. Speaker, why are we here today? Since 2002, I believe it was, the Government, in looking at the review of the financial services sector, recognized that we needed to change the regulatory support for institutions. The first thing we did was that we moved insurance regulation from the Ministry of Finance, where it was, where it had existed for a number of years, to the Central Bank. In doing that, we faced a number of challenges. One of the challenges we faced was that in recognizing the deficiencies of the Insurance Act, there was a requirement to do significant changes to the Act. The changes to the Act required that we interfered with the property rights of individuals. In those circumstances, whatever you wanted to do, required special legislation.

As is the case currently with the credit union legislation, those who are to be affected by the law simply wanted more time, wanted more consultation, wanted more opportunity to see how it affected them, and that we allowed to happen. In this particular case, something occurred that was slightly different. I want to quote from remarks made by the Governor of the Central Bank on January 30, to put this in some kind of perspective. I think this is the crux of why we are here today. This is significantly different to what has occurred in the past.

The Central Bank Governor said this, and I wish to refer to it:

"The Inspector of Financial Institutions and the Governor of the Central Bank met with the Chairman and Chief Financial Officer of CL Financial on January

*Central Bank (Amdt.) Bill*  
[SEN. THE HON. C. ENILL]

*Monday, February 02, 2009*

7 2009."—He made this statement publicly—"In a second meeting on January 13, 2009, Clico's Chairman..."—and this is the part that I want us to consider—"formally raised the issue of possible financial assistance from the Central Bank."

It means that it was on this date that the whole question of intervention into this particular organization, at that particular time, became an item on the agenda.

This particular intervention, in the manner in which it was being suggested, was not possible before. In a sense, this was the trigger that created the opportunity for the Governor of the Central Bank, the Ministry of Finance, to enter into a decision about dealing with this particular situation.

There are two schools of thought, as said again by the Central Bank, on why this intervention was necessary and what has occurred. There is one school of thought which says that the reason for this is as a result of the global financial situation. I have heard colleagues of mine argue that if this was the case, then other similar type institutions would be similarly affected. To the extent that there is no such evidence to suggest that is so, then one needed to look somewhere else for the reason for this particular activity.

The reason, as given by the Governor of the Central Bank who, incidentally, over the last couple years, has been able to interact with the institution at a level that was not available before, gave the following reasons; and again I quote from what he said in his statement:

"There is no doubt that the increase in CIB withdrawals and the nervousness seen at Clico have something to do with the depositors' concerns...the sharp decline in methanol and real estate prices on CL Financial's overall financial situation."

In other words, the community understood that the strength of the group was based, in part, on some of its business segments; one such business segment was the methanol segment. Once we saw prices decline, then one understood that cash flow was going to be an issue, and then the nervousness began.

The Governor said:

"In the Bank's view however, the current financial difficulties being faced by CIB and Clico have more to do with four things:

Excessive related-party transactions which carry significant contagion risks."

That is to say, if you use the asset to do more than one thing and the asset is impaired, then the institutions are also going to be impaired. He also made the point:

"...that the high level of concentration is not specifically prohibited by the present legislation."

So the question of, "did the institution do something that was not prohibited by the legislation", they did not insofar as this is concerned.

“An aggressive high interest rate resource mobilization strategy...”

One of the things we learned in managing insurance companies is that the more successful you are, is the more you have to find investments for the return to the policyholder. Therefore, the issue of resource mobilization, on the basis of receiving assets, is a challenge for most companies.

What most companies do is that they develop projects and businesses; sometimes with a risk profile that is not consistent with the business of insurance. That is the reason we have so many safeguards within the insurance system. That is why, for example, on an annual basis we ask an actuary to determine, “If this company should go bankrupt, at this particular point in time, what are the liabilities that are required in order to pay out policyholders?” Whatever that is, you need to put that in the statutory fund. What the statutory fund basically suggests is that should the company go belly up at a particular date, the moneys to pay the policyholder liabilities will be available to you in the statutory fund.

In this particular case, because of the way that the company was set up and because of the composition of how it was set up, there was a statutory fund deficit. You can have a statutory fund deficit for two reasons: one, devaluation by the actuaries or, two, shortfall of assets. In this particular case, I believe it was a shortfall of assets. [*Interruption*]

**3.45 p.m.**

**Mr. Bharath:** Thank you very much, for giving way, Minister. Is the Government aware of any other insurance companies in Trinidad and Tobago that have significant deficit funding on the statutory fund?

**Sen. The Hon. C. Enill:** In the Report of Activities 2007/2008, the *Annual Report of the Central Bank*, it makes the point at page 13 about the financial system surveillance and the supervision of licensed financial institutions and pension plans in which it indicated that there were others and in fact, went to the court and moved out of the register, and stopped from doing business. So yes, there is evidence to suggest that in its normal surveillance method, it found them and did something about it.

Mr. Speaker, I also want to make two other points. The first one is that every year by law, there is a requirement for the Central Bank to provide to the

*Central Bank (Amdt.) Bill*  
[SEN. THE HON. C. ENILL]

*Monday, February 02, 2009*

Parliament an overview of the business and comment on it, and the Central Bank has been doing this and continues to do this I want to deal with some of the things at which the Central Bank looks. I also want to put into some kind of context what we are talking about as it relates to this particular business.

You would note for example, that the insurance sector—and Clico is a Member of that sector—deals not only with insurance but insurance and pension plans. So for example, some of the information we need in order to help us make the determination that we are seeking to deal with today, has to do with issues of premium distribution, policies enforced for long-term business, new policies written, total funding including investment securities, and I will talk a bit about Clico in a minute as it relates to that.

When one is looking at the sector and the insurance companies in particular, some of the things you have to understand as it relates to the impact that this can have on the financial system will include the current and existing business, new business, written policy loans, statutory fund, local asset ratio, the distribution of premium income, reinsurance valuation and all those things.

When you go through the report and look at what is involved, you will find to a very large extent the insurance industry in Trinidad and Tobago is a very healthy one; we have been extremely successful. For example, in 2006 which is the latest information we have available, the growth premium income in the industry totalled about \$6.584 billion and that represented 6 per cent of GDP, and this is premium income for a year, this is not the accumulation of activities.

Growth premium income for the year increased in respect of all classes of business. Policies enforced, that is the number of policies that were in place, amounted to some 538,950; it was escalating at the rate of about 60,000 per year and that is the size of the business. Statutory funds in which investments are pledged to support policyholders' liabilities, \$17 billion. The point being made here is that this is a very large industry. But when one looks at the contribution—

**Mr. Maharaj SC:** Thank you, Mr. Speaker, and I thank the hon. Member for giving way. Hon. Minister, I wonder if you can help us. According to the information I have from the Ministry of Finance from 2001 or even before that, and as admitted by the Central Bank Governor, there were precarious situations at Clico and under the existing law from 2004—2008 the Central Bank had all the power to put it into an operating mode or take action.

Could you tell this Parliament why, although the Central Bank recognized that, nothing fruitful was done, it was allowed to continue? So quite apart from

the economic downturn in the world, and the shortage of cash, we have a situation where the Government—the Government through the Ministry of Finance—takes responsibility.

We also know that—and tell me if I am correct—Mr. Monteil, the financial director of the entire group for most of this period, and I would not burden you with what assets he bought during that period. But could you tell us with that kind of management, and a man of that repute of management, why Government did not act?

**Sen. The Hon. C. Enill:** Thank you, Member for Tabaquite. The reality is that the Central Bank and the Government did not have the legislative power to act. The reason we are here today is because we need to intervene, but remember that this legislation requires a three-fifths majority in both instances, because what we are in fact doing is taking away people's property rights.

One always needs to make a judgment in bringing this to Parliament for two reasons; one is because of the nature of the financial services sector and secondly, if you get this wrong because of the impact of the group on the economy, which is 53 per cent, you can destroy the financial system. And, therefore, what one seeks to do in circumstances where you do not go in and actually take over as you need to do now, is to discuss with the parties, the changes to their business model. The problem here is business model.

The business model is one in which you have a holding company which is set up in a particular way and you cannot from the subsidiary company, go to the holding company to understand what is taking place. The legislation we were contemplating, and on which we were working for a very long time was intended to give the Central Bank the power to go into the holding company.

In fact, when we did the legislation for the Central Bank for the FIA, that is what we did, because we also did not have the ability to go into the banks' holding companies. What the banks did basically was set up a holding company and the Central Bank could not go inside there. They also went into holding companies and then they went into other countries. We could not for example go into the holding companies, so we had no idea as to what was taking place with the rest of the group.

The second thing was we could not talk to legislators and regulators in other jurisdictions, notwithstanding the fact that they were talking to us. On the last occasion we came to Parliament, we changed that, and that was available for licensees under the FIA.

*Central Bank (Amdt.) Bill*  
[SEN. THE HON. C. ENILL]

*Monday, February 02, 2009*

On the insurance side, we were seeking to develop the legislation to do just that. The problem with that is that as you seek to do so, a lot of discussion would have to take place and we wanted to be sure that we got the views of all our stakeholders. So this discussion was going on even when I was in the insurance industry which was 10 or 12 years ago. There was a team from ATTIC dealing with this.

There are two other policy issues that relate to this matter. The current situation that we have is statutory funding on the basis of the asset liability margin, but there is another consideration at which we are looking and it is risk-based assessment on the basis of the business which gives a totally different response to this particular activity.

**Mr. Maharaj SC:** Sorry to do this, but I thought you would be able to help us. Under the old Insurance Act, not the one where we amended the Financial Institutions Bill, or anything to do with insurance companies, under section 65 it gives the Central Bank the power to intervene in an insurance company and it sets out many powers it could take.

I understand what you are saying with the holding companies because we have a situation where the CL Financial Group is not regulated, but the subsidiary companies are regulated, and you have Clico lending money to the group. So you have the cow lending money to the group. Why is it? Even if you could not go to the holding company, you could have used the powers under the Central Bank for four years to get Clico under control, or do otherwise.

**Sen. The Hon. C. Enill:** Mr. Speaker, through you, to the Member for Tabaquite, the Central Bank in fact went into Clico, it did the work within Clico, but that is not the issue. The issue is how does one deal with the transactions that occur between the subsidiary company and the holding company or any of the subsidiary companies where you only have the availability to go into the insurance company, but the issue was not that. In fact, the reason we are able to tell you what we are telling you now is because in looking at that particular institution we saw these things and it is because we needed to get into the holding company which is the brain, which is where the things are going, that you had to intervene.

For example, in the Memorandum of Agreement that was signed, you see that at the level of the holding company what is suggested is that the investments that were made in many of these other companies need to be sold and the money needs to return to the statutory fund to reduce the shortfall in the liability and the

Government proposes to match any difference that may come as a result of that. This cannot be done from the subsidiary company; that is not where the shares are held, they are held in the holding companies.

So the question of being able to intervene, where you need to intervene in order to take the corrective action cannot be done under the Insurance Act. The Central Bank has to get the ability—which is what we are seeking to do now—to go into the holding company. If you look at the memorandum, look at what is being contemplated.

There was a situation in which the insurance company was receiving moneys from the public, you need a vehicle to give a return on investment because that is what you basically said to the policyholders you are going to do. You told the policyholder that you are going to give him/her when he reaches age 50 an annuity that will do this and that for him. The way you do that is by accumulating a pool of funds and investing it at a rate of return. That is the principle.

The business model was that you take the low cost funding, invest it and then put it back into the system. What has occurred now as a consequence of the success and a number of things is that many of these investments have not given the return you were looking for. Therefore, when you value the investments in the insurance company and look for the cash to cover them, it is not there.

What this exercise is seeking to do is restructure it so that you take the assets, put them back into the company and deal with the policy holders' issue, and if there is any other issue, the Government matches it.

There was some discussion about whether or not you should sell it. If you do it under these conditions, you are basically into a fire sale and will never get the correct asset value of the company. So what the Government is seeking to do is create a period of time where there is an orderly transfer of confidence as a consequence of taking a particular set of actions.

The first thing is to solve the depositors' problems; they need their money, they have been contracted for a particular period of time to use the money in a particular way and they need to get their money and that commitment has to be made and carried out.

**4.00 p.m.**

The way we propose to do that is, we are going to move CIB's assets into FCB; there is going to be an orderly transfer and that will take care of that. The only

*Central Bank (Amdt.) Bill*  
[SEN. THE HON. C. ENILL]

*Monday, February 02, 2009*

assets we are not dealing with at this time are those within the company; those between HCL and Methanol—inter-company transfers. The reason I know this is, again, before coming into government I was involved in one of these conglomerate companies of the Neal & Massy Group, so I understand exactly how it works and why it works the way it works.

So you have that situation there. The other piece, of course—and this is the piece that requires us to come here. We talk about Hindu Credit Union and we talk about this, but I want to make this point. The Governor of the Central Bank continues and this is what he says, and this is important to our discussion:

“The group controls over (\$100) billion of assets in at least 28 companies located throughout the Region and the world.”

So part of this exercise, as well, is not only dealing with Trinidad and Tobago’s depositors but it is also dealing with depositors in Caribbean territories all over the Caribbean. I am aware, for example, of one government calling us to find out what they should do, because they have significant investments: pension funds; NIB, in the entity. Remember this entity is global in nature and it has significant businesses, and if you look at the business model and if you look at its dominance, you will find, in looking at the insurance sector in any country, including Trinidad and Tobago, there are about three or four companies that control 80 per cent of the total business. Clico is one of them. And as you go through the Caribbean, you will see a similar action taking place in all those countries.

So that if we allow this to fall, we are not talking about Trinidad and Tobago here; we are talking about a significant number of other countries that are going to be affected, and it did not seem to make sense for us to allow Trinidad and Tobago's reputation, built up over a number of years, to overnight be destroyed as a result of it. It did not seem that any responsible government should do that and, therefore, we did not think that we should do that.

**Dr. Rafeeq:** I thank the hon. Member for giving way. What we are doing here today, are the depositors in the subsidiary companies in the other Caribbean islands or the other parts of the world, are they being protected by this piece of legislation as well? Are their deposits being protected by this piece of legislation?

**Sen. The Hon. C. Enill:** The extent of that, I think, will have to be found out when the Central Bank goes in. Remember we are saying that it is the holding company up here that does all of this. We are saying that under our jurisdiction we understand the Trinidad and Tobago company; understand that in other

jurisdictions, their central banks and their insurance companies would be regulating those particular companies.

One of the things I believe that we are asking for the authority to do is for our Central Bank to be able to talk to those other institutions, because it is not possible right now; the legislation does not allow it. So we are seeking to do that. I think that I do not have the answer to your question; I just do not know, but under normal conditions I expect that the agencies of themselves would regulate their business in accordance with the law and if there are issues, they will interact directly. I do not know if the Minister of Finance would deal with that, but to the best of my knowledge, I do not know, but what I do know is this, that if this institution in Trinidad and Tobago falls, then the whole question of confidence in the brand itself, and all of that, just goes through.

The Central Bank Governor continues:

“The Group’s financial interests cover several industry sectors...”

So, again, the point is being made that if we allow this to happen, here are the sectors that we are going to interfere with as well: banking and financial services; energy; real estate; manufacturing and distribution.

“The four largest financial institutions in the Group manage over \$38 billion, over 25 per cent of the country’s GDP.”

So this is not an institution—*[Interruption]* The same point we were making, the statutory fund in Trinidad and Tobago is only for Trinidad and Tobago but the point is that if you have a problem with the brand, it is going to create confidence issues all over this place.

Remember this group as well has another company called British American Insurance Company Limited. So it is really not only the assets and the issues with Clico, but also British American and I have not seen what the actual write-up on British American is, but I believe that if there is a problem with the head office company, then you are going to have a problem as well with the rest of the institution.

So, all the points that have been made are relevant. Yes, there should be more time; yes, there should be a lot more discussion and, quite frankly, it was the intention of the Government to do just that, but the events that occurred on January 13, 2009, did not allow us the opportunity to do that. What occurred on January 13 was that the circumstances that arose required immediate action and what the Ministry of Finance, the Central Bank and the Government did was, we

*Central Bank (Amdt.) Bill*  
[SEN. THE HON. C. ENILL]

*Monday, February 02, 2009*

looked at the Bill that we were bringing at some point in the future, subject to the discussions that were going on; we determined exactly what was required at this point in time for this intervention to take place and we have attempted as best as we can to bring that to the Parliament for us to give the Central Bank the power that it requires to do the intervention to, at least, understand beyond the initial activities that we were involved in, exactly what the situation is.

It is unfortunate that the statement made earlier seemed to suggest that the Governor of the Central Bank had knowledge of this matter and, in fact, withdrew the funds. I want to make two points. According to the information that is available to me, the matter was formally raised on January 13, 2009; the Governor advises that he had a deposit in one of the affected companies which matured in November 2008, which he withdrew on maturity, and I am advised that he is going to make a statement about that. But I simply wish to put on the record that that is the case.

This is one of those times when I believe that we are required to take action on an understanding of the impact of a matter such like this can have on the financial services sector. We have been criticized for doing a number of things. We have been criticized, for example, for putting under the Freedom of Information Act, certain institutions, and in the other place there has been a discussion when we were doing the amendment to the Central Bank Act, that report between the Governor of the Central Bank and the licensee should, in fact, be brought to Parliament.

But I ask the question today for consideration by this House: Was the Government to come to this House and say that in our normal review of these matters—and we do them on an ongoing basis—while we are sitting down and dealing with the companies and taking action, this is the situation. Consider what that will do to any right-thinking individual. All they would do, and rightfully so, is that they would seek to protect their investments. Therefore, in some matters one cannot and should not make the disclosures and that should be a right reserved for those who have the particular responsibility. It is in this regard that I believe we should act with haste, because the longer this stays and the longer we do not have certainty about this particular matter, is the more levels of confidence in that which we have to do, can in fact, be shattered.

This morning at the energy conference that is being held, we had a number of international investors and we also recognize that some investors were delaying their investments. In fact, two investors who basically were considering doing

business here, have withdrawn their offers and they have basically said, on the basis of the instability within the system they are prepared now to wait and see what is happening. So if we do not act there are consequences for that action.

Earlier on today our Moody's investors and a couple others were really looking at us and asking the question as to whether there are risks in the Trinidad and Tobago economy as they relate to what they see before us. I would like to suggest to this Parliament that notwithstanding anything, we need to protect two things; we need to protect that which we have built up over a period of time and we need to ensure that we put some mechanism in place that satisfies us, if that is the case, about what we need, but we should not stop those who have the responsibility for the management of our economy from having the tools to so do.

This legislation will go some way—not all the way, but some way, in dealing with a specific problem that we have at this particular point in time. If it is that we should ask that the Government come back in two months, three months, four months, and make some statement in terms of whether it is working or not, that is okay, but I do believe that as we move on this particular piece of legislation, we need to give the Central Bank that which is required, which is the cover, the authority and the responsibility for making sure that our system can remain strong, robust and stable in the light of what is happening all around us.

Mr. Speaker, I thank you. [*Desk thumping*]

**Dr. Roodal Moonilal** (*Oropouche East*): Mr. Speaker, I rise to participate in a highly anticipated debate on amendments to the Central Bank Act and the Insurance Act. I wanted first to respond, since we are in a debate, of course, to some issues raised on the other side, particularly by the Member for San Fernando East, the Prime Minister and the Minister of Energy and Energy Industries, on a few matters.

I will begin by a statement that the Minister of Energy and Energy Industries made to the end, when the Minister appealed to Members to exercise some restraint in terms of disclosure, in terms of bringing information to the Parliament that could be regarded as scandalizing persons and bringing office holders into public disrepute. It was regrettable that the Minister of Energy and Energy Industries was not present, or if he was present, he perhaps did not listen to his Prime Minister during his contribution when his Prime Minister chose to scandalize anybody under the rising sun.

I want to respond quickly because we may forget a few points that he made. There is a difference between formal knowledge and informal knowledge.

**4.15 p.m.**

Because of the statement made by the Member for Siparia, they are putting a time line on knowledge. They are coming to Parliament because this debate is moving forward so the issues are moving forward. When they got caught with a high office holder who appeared to have withdrawn her money—because it is “a her”—they put a time line on knowledge. They are saying that the head of Clico and CL Financial first met with the Governor of the Central Bank and public officials on January 07 and then January 13. They are putting a time line to say that if somebody moved their money on January 06, he or she could not have had knowledge that these events would be unfolding. That is a smart man way to get away.

We are not dealing with formal knowledge. This is Trinidad and Tobago. Before you meet to discuss a major issue like this, public officers, public servants, people in a particular area would have full knowledge of events and have in their mind a certain matrix as to how these events can unfold. Based on their assessment of what may occur next month or next two or three months, they would then take action. They come to Parliament and start drawing a line in the sand to tell us that we are dealing with January 13. That is when the issue of government intervention first came up in a meeting with CL Financial. They are trying to cover their tracks. They had constructive knowledge and information that this was going to happen and they took in front before in front took them. That is what happened. *[Interruption]* After the tea break I will come back to you.

That issue will unfold as this evening’s debate progresses. They will come to say that on January 13, the Government first got a proposal to intervene. They like the term “intervention”. If someone bailed out all their resources on January 12, he or she could not have had knowledge that this was happening on January 31. Let us go back to this event. I want to put it in layman’s language. There is a point in this debate when we got tied up with all types of jargon; economic language and academic theory and concept. When the Minister said liquidity challenge, “yuh doh have no money”. That is what it means. You do not have money. Liquidity challenge and all these big terms, let us come down to brass tacks.

On Friday, January 31, on my way to Parliament I was told that a press conference was taking place and to put on the radio. I heard the Minister, the Governor of the Central Bank, the Chief Executive Officer of First Citizens Bank.

That was the first time I got knowledge of that. I had absolutely no knowledge of what was about to happen. I am asking whether the Minister of Finance had knowledge before and if so, when? It could not be that the Minister of Finance will have knowledge of those events that were going to take place at midday on Friday to make her announcement at 1 o'clock. She would have had previous knowledge and if that knowledge was used to bail out her money, that constitutes a criminal offence, as the Member for Siparia suggested. That is the issue. As the evening progresses we would hear more.

It is instructive that when faced by this allegation, the Minister of Finance like her Prime Minister who is always very eager to intervene, assist, clarify and correct, chose to remain silent. The Minister said that she will respond in her winding up. That is when nobody else can respond and that might be 2 o'clock in the morning. I put this on record that they have to respond to that. Apparently, the Governor of the Central Bank has communicated and the Minister of Energy and Energy Industries read some information before.

The Governor of the Central Bank said, "Well, I really take out some money, but I did this in November when my deposit matured." Many people have this money and when it comes up for maturity they leave it and it goes on automatically. The Governor of the Central Bank chose to do that and that is his right. If he has money that matures at a certain date, he can close and bail out. There are bigger issues involved in that and I leave it there for the moment.

A couple of thematic issues arose today. We are not clear about what the Government is saying. On one hand the Government is saying that the crisis it found at Clico and within CL Financial holding was caused by their mismanagement. They did it themselves. They are responsible for that. On the other hand, the Minister of Energy and Energy Industries, a few moments ago alluded to the fact that some of the problems that they ran into were caused also by the international financial situation. Now we get into another debate.

**Mr. Manning:** How much of it?

**Dr. R. Moonilal:** Now we get into another debate. How much of it? Is it 10, 5 or 20 per cent? There is a conflicting signal emerging from the Government. What caused this problem? Are you accusing the CL Financial, Clico, et cetera of mismanagement and corruption? The Minister of Energy and Energy Industries alluded to the international financial conditions and the absence of regulations. This is another issue. They arrived at that position by the absence of regulations. The Minister of Energy and Energy Industries confessed that in 2002 they knew of the shortcomings in the legislation dealing with the insurance companies.

*Central Bank (Amdt.) Bill*  
[DR. MOONILAL]

*Monday, February 02, 2009*

We have another date in 2004. To this day in 2009, you come hurriedly over the weekend and seek to pass law when you could have been doing that between 2002—2009. It is the regulator environment.

I will advance the reason. It is because this matter must be passed today in the Lower House and tomorrow in the other place. As soon as His Excellency puts a signature within minutes they would storm Clico's building. They would storm Duprey's house again looking for books, data, registrar book and all "kinda ting". They would move in tomorrow night as soon as the President signs. That is what they are going after. This is why they come today with this haste. The Prime Minister is clear on that.

**Mr. Manning:** Why should we not?

**Dr. R. Moonilal:** When they went last time they attempted to search Mr. Duprey's house. I think that it was an illegal search. Now the Prime Minister has said clearly, what is wrong with that? Tomorrow evening at what time? 7.30, 6 o'clock, 6.30, 8 o'clock? What time tomorrow evening? They would storm all offices of Clico in Trinidad and Tobago. That is the issue and why we are here. They have invited us here today to help them pass a law to raid Clico. That is what we are here today to do. When he goes there—the problem with this Prime Minister is that every time he gets excited he jumps up, whether he is taking a trim in San Fernando or elsewhere. He made the point earlier. When we go in those books, for what are we looking? We are not looking for policyholders like John Smith has \$100,000 and they need to pay him. They would be looking for who has land and house in London; who on the Opposition side has money.

The Prime Minister, with great respect to you in your overexcited state, will call the Member for Oropouche East. If you go into my account you would find something suspicious when you see a lack of funds. You would find that suspicious that in all these years, somehow, I could not have saved money. I have not been able to acquire assets this way. That is what they are going after.

**Mr. Manning:** Which account?

**Dr. R. Moonilal:** That is their objective. They are asking us to have faith and trust them. I like these arguments emanating from the other side. The financial system requires trust. Everything requires trust except the Government.

The international financial centre is now threatened by this. I want to give one example. All of us have been following the United States and Obama. In the United States, when they are bailing out a company, the hierarchy executives of that company present themselves to Congress. A subcommittee of the Congress

will interview and grill them on their state of affairs and present their books. It is not the President, His Excellency Obama calling the police and telling them to go down 7.30 in the night and take the books from the office. If you want to follow that model follow it to the end. That is the problem. They like everything American but the short cut way. If you want to become an executive president you must get so without the vote. You can become executive president without being voted in. In America it cannot happen that way.

The executive of these companies should present themselves to the Parliament to a Special Joint Select Committee of some sort to explain themselves and for us to ask them: What do you want? What are the issues? How did you arrive at this problem in which you find yourself? If you need money, how much and for what? What are the regulations and guidelines that will determine how much taxpayers' money we give you?

Today, in the Prime Minister's excited state—prior to coming this morning, we did not have a clue whether they needed \$10, \$20 or \$100 million. The Prime Minister in his excited state said that they need \$7 billion to \$8 billion and counting; it may be more. We did not know that before. It is quite instructive to note the Prime Minister knows that. In a decent democracy the Prime Minister would have called the Leader of the Opposition to discuss this matter that the Prime Minister claims threatened the economy of Trinidad and Tobago. He would have had disclosure on the table and said that because of what he cannot share with the national community, he would like his support.

Unless the Prime Minister corrects us there has been no forensic audit; due diligence; analysis or assessment of anything that we know. Somebody said that a foreigner is coming to value methanol, or do a valuation. They do not know. They pick up a figure and say it is \$7 billion to \$8 billion. From where are you getting that money? This is a government that is into deficit financing. We are also borrowing money to live.

The problems that you claim with Clico are the same problems where you mismanage the Government. They do not have liquidity and you do not have liquidity either. That is why you are borrowing \$6 million for deficit financing. *[Interruption]* How much? \$1.7 billion. It is the same problem that we are facing. How do you have an assessment of what is required or must Parliament give you the authority tomorrow evening at 7 o'clock to storm that building across the road with the Latin sign, "Tenax Propositi" which means, Be steadfast in your endeavours? Tomorrow at 7 o'clock you storm that building looking for information on the Opposition's figures, accounts and deeds for land somewhere across the world.

*Central Bank (Amdt.) Bill*  
[DR. MOONILAL]

*Monday, February 02, 2009*

There is no document whether private or public. If there is a document you can allude to it that you have done some assessment of these assets. We know that Ministers took in front and bailed out. We also have information—and you have to correct us—that certain persons in the industry with knowledge of what was going to happen on Friday also bailed out \$120 million. [*Interruption*] You know everything from Kensington to Port of Spain and you do not know that. We are informed that \$120 million left CL Financial due to insider information, persons who were in the know of what was going to transpire on Friday. They took out their deposits and left everybody else for FCB whenever. The organizational and legal framework is in place.

**Mr. Speaker:** Hon. Members, the sitting of the House is suspended for tea. We would resume at 5.00 p.m.

**4.30 p.m.:** *Sitting suspended.*

**5.00 p.m.:** *Sitting resumed.*

**Dr. R. Moonilal:** Thank you very much, Mr. Speaker. Before the tea break, I was making reference to the contribution of the Minister of Energy and Energy Industries, who graced us with his presence and outlined, in a very sober manner, some of the issues the country and the Parliament face in light of what the Government has assessed in the insurance industry, in particular as it relates to CL Financial.

I would like to go back to that contribution of the Minister because I think that it could stand out today, and in the coming days that contribution may assume some importance and significance for what the Minister revealed.

The Minister of Energy and Energy Industries told us—he is not here, regrettably, to correct me if I am wrong, but we have the benefit of the *Hansard*. He indicated that, for some time now, the National Gas Corporation (NGC) has been seeking to get moneys out of CIB and could not get it. I will put it into simple language. They had a policy, according to the Minister, whereby monthly they would retrieve money invested in various financial agencies and the Minister was arguing that it was quite regular for the National Gas Corporation to seek to regain its funds from the CIB.

He made the point that for several months they were trying to get the funds and they could not. He said that up to today, they have not received it. So, this Minister of Cabinet is telling us—the Minister in the Ministry of Finance prior to

2007—that for several months NGC could not get its funds. That suggests that they knew for several months that there was a problem at CIB. It did not occur on January 13.

On January 13, they are arguing that Mr. Duprey came to the Government with a proposal for intervention, but they knew of the difficulty months ago. I am hoping, in preparing the statements, that public officials, particularly the Minister of Finance, the Governor of the Central Bank and anybody else, will also factor that in. They were in a position to know of that situation and acted in their best interest. Whether they acted in violation of the laws of Trinidad and Tobago will be determined. They acted in their best interest by taking out their money. That is what they call in that sector “cut and run”. They cut and ran and that is an important issue.

The Minister of Energy and Energy Industries told us that for several months they knew about it. The Minister also raised another issue of the wider Caribbean implications of what is taking place today. When asked by the Member for Caroni Central whether or not the legislation we are debating will impact on the agencies and the affiliate companies in the Caribbean, the Minister said he did not know. But there are implications for what is happening in the Caribbean.

You will recall that the leadership of the Barbados Clico had a press conference on the very day and sought to appease the national community that they were stable and above board and that there was no need for concern. Clearly, this has some implications throughout the Caribbean. It is not that the legislation here will have any impact on Clico wherever they operate in the Caribbean.

I want to turn to another prevailing theme today, and that is the issue of the Hindu Credit Union and the CIB. Today, that has emerged as a very prominent issue. Regrettably, it was really the Member for San Fernando East, the Prime Minister, who, in a self-induced, excited mode, injected, unfortunately, that element of ethnicity to this debate.

The Opposition has a position that is really clear. We stand on the side of depositors. They could be depositors in the CIB, in Clico, in the HCU, in the ANC, the Eastern Credit Union or anywhere. We stand on the side of depositors. We stand on the side of the working people who invest their moneys. We are with them and it does not matter to us whether they are of a particular complexion or height or have a particular hairstyle. That is not our concern. Our concern is to help depositors.

*Central Bank (Amdt.) Bill*  
[DR. MOONILAL]

*Monday, February 02, 2009*

We are speaking on behalf of the depositors in CL Financial. We do not have a clue of their profile. I do not have a sense of who the depositors are in the main or to a lesser degree. We stand on principle to support depositors. The Government took a position today that while they are guaranteeing and appealing to the national community and those persons with deposits and so on in the CL Financial Group that their deposit is safe, they are not saying that their interest is safe.

The HCU members have spent months in trauma, in a state of not knowing whether they are coming or going and the Government has not extended relief to that category of depositors. We leave that there. It was the Leader of the Opposition who alluded to the fact that this may well initiate a legal challenge—that there may be some type of legal action on behalf of the HCU depositors. We leave that at this spot.

I have nothing much to say on the contribution of the Prime Minister, but we are in a debate and I must make some reference to his contribution. I do not know what got the Prime Minister offended, or what took possession of him, but the Prime Minister rose, and far from telling us of the assets of CL Financial, of the Government's policy and of what will take place next in terms of work at the FCB with the regulatory agencies; the role of the Central Bank, what we expect by Friday of this week and by next week, the Prime Minister chose to attack the Leader of the Opposition personally and then Members on this side of the House.

Mr. Speaker, you know that these debates are being carried live in Trinidad and Tobago. I understand that the Internet feed also carries the debates live across the world and persons who are monitoring current affairs in Trinidad and Tobago will listen to a Prime Minister of a country, on what could only be described as a personal vendetta, chasing from one Member to the other. One minute it was Cleaver Heights in the back; next it was Kensington.

Was that called for? It dropped from the sky. I want to tell the Prime Minister that this is a mature debate. We are on issues. None of us would mention that the Prime Minister sold his car to a drug lord. I can go on for ten minutes or more, but I will not. That is not relevant here. What is of relevance are matters pertaining to Clico, CL Financial and so on.

I want to tell the Prime Minister that, as I mature in this Parliament, it may well be that those are the issues I would have to consider. It could well be that, as I lose the class, I may want to consider reducing myself to the level of the Prime Minister. The Prime Minister is my Member of Parliament; I did not expect him to bring the constituency of San Fernando East into disrepute. Apart from the

personal vendetta and telling us about apartment and agent of Clico who got money on commission, the Prime Minister said absolutely nothing about these measures.

I just want to raise one issue because the Prime Minister has done it on several occasions. The Prime Minister knows what he is doing. He will stand in this House every week and accuse the UNC of bad faith, of lacking integrity and decency, but he will not say anything about Calder Hart and about Hafeez Karamath who got \$100 million without tendering. They will not say anything about what is happening at the commission of enquiry. He will not mention anything about the runway in Piarco; that \$100 million later they made a runway like a “jookin’ board” and had to spend another \$100 million to pave it. They will not say anything about all the money that cannot be explained.

The Prime Minister will forget conveniently these matters in arguing that he cannot have faith in the UNC. I remind the Government that when we assembled here to pass the Organizational Health and Safety Act, in the interest of all the workers of Trinidad and Tobago, it was the United National Congress Opposition that supported the Government for passage of that legislation. So, when the time comes, we stand on the side of the working people. We will support the Government.

It is wrong to argue that you cannot have faith in us and we lack integrity. With the right conditions, we are prepared, but the Government started on the wrong foot. When our lead speaker was on his legs, it started circulating a Memorandum of Understanding, which I imagine was signed on Friday last. What was wrong with circulating it on Friday evening? You did not have a photocopier working? You waited for Monday morning while the debate was in progress to circulate the document. It is contempt for this House.

I want to move into an area with which I am more familiar because, as I always say, I am not trained in matters of economics, trade and finance, like the Member for San Fernando East and the Member for Tobago East. I want to alert the national community to an impending crisis that this country will face in the coming months.

Whether we argue today that the problems faced by CL Financial are internal, meaning a local crisis led to it, or it is the product of an international financial crisis, first with the bank borne crisis in the United States; whether or not we argue that, there is another issue that comes up. The international financial decline is leading to massive unemployment throughout the world. I just want to locate this problem in its global context first before moving on.

It is estimated that in the United States, 2.6 million jobs were lost in 2008. In 2009, in the United Kingdom, it is estimated that one million persons will lose their jobs. The unemployment rate in several developed countries is already increasing rapidly in Spain, Germany, Canada, Ireland, and Iceland. Unemployment is climbing rapidly as a result of the fallout in the international economic and financial institutions.

**5.15 p.m.**

It started in the financial and service sectors in the United States and has spread rapidly. I think the medical doctors could give you a nice analogy. The financial system is really like the blood flow of business; whether you are in manufacturing services or energy. The financial system is really like a blood flow or an oxygen line. The financial system took a hit and all these sectors started to feel the repercussions and there was massive job loss.

I would draw your attention to an article in the *Independent United Kingdom* of Monday, December 22, 2008. There is a reference to Britain's job bloodbath where they are suggesting that thousands and thousands of persons are expected to lose their jobs this year, particularly in retail, stores, restaurants and the services sectors such as hair dressing, shops, pubs—

Incidentally, in the United Kingdom, a couple of days ago, there was a report on CNN, I think, 36 pubs are closing every week. That is a matter for some, not for a drink, concern that pubs are closing. As persons become more and more unemployed and the unemployment level is going up, people do not have income. They cannot consume, whether it is recreation, in restaurants or entertainment services. There is business closure in several sectors of the economy in the United Kingdom. I am not getting into the ethical issues, but that has some impact on the wider economy.

We are looking around the world. I do not want to go in detail, but Citigroup in the United States—15,000 jobs lost. Home Depot cut 7,000 jobs. It is a crisis, internationally. What is happening in Trinidad and Tobago? Let us come back to Trinidad and Tobago, because we have the picture aboard. A few months ago a wise sagely Minister said that the sky is not falling. Who said that? The Minister then tells us that this—I want to get to this because it speaks to the issue of creditability. Members on the Government Benches told us: “This international financial crisis is made in the United States, the problem is the credit crunch and not a liquidity issue and we will not be affected by that. We have liquidity.” When pushed further they said: “This thing will not affect us, because we export oil and gas and the oil and gas sector will insulate Trinidad and Tobago's energy

revenues.” When the energy revenue collapsed, they said: “Do not worry. We can go further, we are trading with India and China.” India and China are now depending on their Central Bank to bail them out.

Incidentally in China, the persons related to the financial crisis who have lost their jobs are six million Chinese persons. The majority is migrant workers; people who have moved from rural to cities to work. China hit, India hit, Japan in recession, Iceland in recession and Ireland in recession, but the local authorities and experts in the Cabinet told us: “Do not worry, everything is fine. We have a Heritage Fund.”

Mr. Speaker, their creditability is the issue at stake. This is why we cannot trust them. The Finance Minister—I want to use two quotations—on April 22, 2008:

“Government not to blame for inflation”

That was April 2008. December 2008, Finance Minister:

“High food prices

Government spending fed inflation.”

This is because we had long debates on several occasions as to what is the cause of inflation.

Then they told us: “You either get employment or inflation.” I had an argument with the Prime Minister over this in the House. It is not a choice between inflation and jobs. He said you must have inflation increasing if you want more employment. Today we have increasing unemployment and increasing inflation. Inflation is already 14.5 per cent. They were wrong on inflation. They were wrong on the impact of the global financial crisis. They were wrong on their projections for the energy revenues. They were wrong in terms of diversifying our trading base to India, China and Spain. They were wrong on all these counts. They expect us to accept today that they are right in their analysis of CL Financial and what happens next with that situation.

In Trinidad and Tobago—I really will not take the time to read extensively from articles from the newspaper. Since the Member for Diego Martin North East insists, I will read. I was not going to do it, but I think the Member is insisting. He wants to hear me. Page 4 of—tell me read I will stop—of the *Business Express* of January 21, 2009 states:

“Brace for more job cuts”

The Governor of the Central Bank and Martin de Gannes, head of the Employers Consultative Association, were interviewed and were saying that more job cuts

*Central Bank (Amdt.) Bill*  
[DR. MOONILAL]

*Monday, February 02, 2009*

are to come in Trinidad and Tobago. They are looking at the construction industry, the energy sector and the retail trade. More job cuts.

As if this is not bad enough, in the steel plant, 120 workers have gone home. I can call the factories that are closing down in Trinidad and Tobago. Pepsi Cola Bottling Plant in Marabella closed down and 75 workers are out and Chief Brand, the company that makes curry has also retrenched workers.

The construction sector is grinding to a halt. The energy sector in Point Lisas is not taking contract workers, they have reduced working hours and there is no more overtime and weekend work. Look at the signs that we are seeing in the labour market: contraction and business closure. As Government reduces expenditure because of the deficit, contract workers in several public sector areas are being reduced. Do you know who takes the first bite? The first bite in this condition would be contract workers, temporary workers, part time workers, youth, women and the elderly. They are the first set of people to take the hit as we enter this period of downward spiral in terms of joblessness. What we expect in this country is an unemployment crisis emerging in 2009 that will have thousands of persons on the breadline. When this happens—I want to go back to the international picture. It is those very people who had money before, who do not have money now. They cannot go to the restaurant, pub, hairdresser and entertainment. There is a ripple effect in the economy of decline. That is what we face.

In terms of the CL Financial Group, I want to indicate as the Leader of the Opposition did, that it is much more than the 100 workers that Mr. Duprey addressed on Friday last; those 100 workers who are directly employed. When you add their agencies, offices, suboffices, et cetera, I am informed that you are dealing with 1,200 workers who will be affected from this measure. Those workers are not easily transferable to other sectors of the economy. They are in the financial sector, white collar supervisory work, sales and so on.

In the context of an overall economic decline, those people will not gain employment easily. When those people are unemployed, the first thing is that they cannot pay for their cars and they cannot pay for their house. Then they would not be able to afford basic consumer items, given the crisis that we now face. *[Interruption]* Notwithstanding, statute, I still recognize you. Just give me a minute. When we are dealing with employment, we are saying that it is not just 100, by extension you have indirect employment created as a result of this state of instability and the closure that we expect in the coming days.

**Mr. Imbert:** I too heard the Chairman of CL Financial speak about a 20 per cent potential loss in jobs. I listened very carefully, but I thought at the time he was referring specifically to Clico Investment Bank, which would be wound up and closed, rather than the entire CL Financial conglomerate. I wanted to tell you that those 100 people are the actual workers of Clico Investment Bank, as opposed to the entire group.

**Dr. R. Moonilal:** Thank you. I do not think we misunderstood each other. The point I was making is that the employment falloff is much more than 100. That is the issue. What the Chairman said, as I recall, is that immediately there is a 20 per cent out—yes CIB. In the days coming, the other 80 per cent will be rationalized. In the rest of the conglomerate, I understand that the workforce is in the vicinity of 1,200. Maybe the Minister of Finance can tell the country what happens to workers in the CL Financial Group. Maybe the Minister of Finance or the Minister of Labour and Small and Micro Enterprise Development, who considers these matters I imagine, can tell the country what happens to the 1,200 workers in that group. Are they staying? Are they going? Do we have a nationalization of these entities, so that the State assumes management of these entities and people continue working? Is that what is expected? The falloff in employment arising from this measure is not something that we could easily understate.

The Minister of Finance and the Minister of Labour and Small and Micro Enterprise Development may want to reflect on this to see how you can deploy these workers. I have already been approached by persons who have been involved in that sector and agencies of Clico.

**Mr. Speaker:** Hon. Members, the speaking time of the hon. Member has expired.

*Motion made,* That the hon. Member's speaking time be extended by 30 minutes. [*Mr. R. L. Maharaj SC*]

*Question put and agreed to.*

**Dr. R. Moonilal:** Thank you very much colleagues. I am asking the Government, particularly the Minister of Finance and the Minister of Labour and Small and Micro Enterprise Development, to give us some indication of the status of employees in the Clico agencies and within the ambit of those other entities apart from CIB. I raise that because, in this country we do not have the legal and regulatory framework to handle what is called the transfer of undertaking. We do not have a regulatory framework to assist workers who are being retrenched or laid-off in one particular area with respect to moving to another sector or company and certainly with regard to benefits.

*Central Bank (Amdt.) Bill*  
[DR. MOONILAL]

*Monday, February 02, 2009*

The Retrenchment and Severance Benefits Act is certainly outdated. The benefits you can expect were created in 1985, unless I am mistaken. In 1985, the then government created a formula to provide resources for persons to be retrenched and that is the formula we are using today. That certainly cannot respond to the changing times, inflation, the cost of living and so on.

**5.30 p.m.**

The Government must consider the plight of these workers. In this business we consider the managers, the management, the depositors, quite rightly, but on very few occasions we consider workers. Those persons who are engaged as sales agents, clerical staff, a driver, messenger, janitorial staff, in offices throughout Trinidad and Tobago, who are now thinking that they are out of a job. Some may not have the skills to easily transfer to another sector. I dare say, I do not want to get into a big debate on it, but their skills cannot be transferred as a CEPEP contractor, or a checker on a URP project, and so on. They need to be absorbed, to be given some type of direction elsewhere.

I am sure the Minister of Finance will look into the plight of workers, as the Member for Siparia suggested that the Minister of Finance look into her own plight, and save herself when the going got rough. In coming to the Parliament, I know that we can expect the Minister of Finance to indicate whether or not the Minister of Finance, herself, withdrew significant sums out of Clico in the days prior to the events of Friday last.

Maybe the Minister would like to also tell us whether family members also withdrew large sums of money out of CL Financial in the days prior to Friday, January 31, 2009. It is not just one person but it may be as well, family members.

I am making the point of job loss and tying it to another issue raised today, that issue of the HCU, where hundreds of workers were on the breadline, without the assistance of the Government, without the assistance of any ministry, or any agency of the state, and were just left to go on to the unemployment line and survive if they could.

I want to make the point and to reiterate the point made on this side, that when the ship was sinking or the Government perceived that the ship was sinking at Clico, they threw a lifeboat, but when the ship was sinking for the HCU, you did not even throw a rubber tube. So you treated one group of depositors differently from another. That is really a sad indication of the view of the Government as it relates to equality of treatment of all citizens, which is a right guaranteed under the Constitution of Trinidad and Tobago.

Mr. Speaker, we would also like to remind the Government that they owe a duty to the taxpayers to indicate clearly the nature of bail out and where that money is expected to come from. We want to remind the Government that the Treasury is not their piggy bank, that you could just break open, and at every time pull money from it, because you have the parliamentary majority. They operate as if the Treasury is an ATM machine. You type in 1, 2, 3, 4 and just take anything you want. *[Laughter]*

We have to remind the national community, they have spent almost one-quarter of a trillion dollars—forget billion—in the last seven years or so. Today, people do not have water, do not have electricity, do not have jobs. This is the sorry state that they have brought this country into.

Mr. Speaker, I just want to make the point that the Opposition has indicated that we would like the Government to come clean. To tell us exactly what they propose. This is a simple matter; I do not know why the Government thinks it is so hard. It really has to do with the Members on the other side. If you are proposing a bail out, what these Bills will do, is they authorize the Inspector of Financial Institutions and the Central Bank to undertake certain actions pursuant to their bail out. That is what these Bills are for.

What the Government has to tell us is, the nature of that bail out; whether or not they will be communicating with the Opposition, with the national community, giving information in a timely and transparent manner as it relates to the events that would unfold at First Citizens Bank (FCB), and the events that would unfold in relation to CL Financial.

The Government feels that it could come today, pass this legislation and then we forget everything, and FCB is left alone, Republic Bank is left alone, CIB closed down and agencies all over the country; people would come by the Minister's office, line up, wait and beg. That is how they operate. They should invite the Opposition and the Parliament to form some oversight committee that looks into this process of transition.

This is the first time in the history of Trinidad and Tobago an initiative like this is being contemplated. This has never been done before in the history of Trinidad and Tobago. While it is the first time it is being done, the emphasis should be on participation, transparency and accountability. This is not nationalization from the 1970s where you just write a cheque and buyout a foreign entity, and put a board and say, we run it. No, this is a deep issue, control of the financial sector,

*Central Bank (Amdt.) Bill*  
[DR. MOONILAL]

*Monday, February 02, 2009*

control of media houses, control of the supermarket. You could put the Minister of "Nothing Works" to appoint a board to run Tru Valu, or he might run it himself.

**Mr. Speaker:** The Minister of Works and Transport.

**Dr. R. Moonilal:** The Minister of Works and Transport, I beg your pardon. They can do as they well want when they have the authority over these entities, whether it is Republic Bank. Incidentally, the point was made this morning that Republic Bank is now being handed to Mr. John Calder Hart. It took a commission of enquiry to learn this man's name. So, imagine a commission of enquiry to find out his name, you could imagine how much it would take to find out more.

Mr. John Calder Hart is now in charge of Republic Bank, effectively, through the NIB. This is a very serious matter, because this particular individual has questions hanging over his head at the Commission of Enquiry; very serious questions as it relates to probity; the management of the resources of Trinidad and Tobago to the management of revenue by his own admission. He has admitted impropriety in certain areas, and today as chairman of NIB, we are told that Republic Bank will fall under the NIB.

Could you imagine? We may have to wait for another commission of enquiry to find out what is happening. While this happens, the Government comes to us today, and says, help us pass these Bills quickly, quickly, so that they would save depositors and policyholders and everybody in the world, while they take control.

This is really asset stripping; this is seizing assets of Clico Financial. Later our colleague from Princes Town North would speak about Clico. Clico has a special place in the hearts of people of Trinidad and Tobago and the Caribbean. [*Desk thumping*] Not John Calder Hart. The Government is moving in a direction to destroy that conglomerate, because in the economic world trust is important. It is not just economic laws and so on, it is trust.

When you hear something about an agency, it is trust, whether you have faith. I was told today during the tea break that already there are some convulsions as it relates to Republic Bank, particularly with the news that the Government will now have some controlling influence over Republic Bank. If that is so, we are in for another tailspin by the end of the week. The data I gave you earlier on job loss will escalate rapidly, if like a pack of cards everything starts collapsing on us.

This is a frightening development taking place here. On Friday last when we were listening to this press conference, you could not help but feel alarmed and frightened because of the span of Clico and CL Financial. The Prime Minister

alluded to it inadvertently today when he said part of the assets could be land, property. That is what he was saying, that Clico and CL Financial has that control and influence.

**Mr. Imbert:** Thank you very much. The Member for Oropouche East is being very gracious and I thank you for giving way. If what the Member says is true, that there is instability within the financial system, because of concerns about what is going to happen to people's deposits, is that not all the more reason why the UNC should support this Bill now?

**Dr. R. Moonilal:** Mr. Speaker, I know he would take advantage of my courtesy. As a responsible Opposition, we make informed decisions, based on information. You cannot come to us without information, analysis, assessment and say, come, vote. We need information, details, because in our Westminster system of Government—and I want to make this point—there is inbuilt problem. The Americans do not have it, we have it in the English model, where today you are in government, you say everything is secret, the Opposition cannot find out, but you know tomorrow when the Opposition becomes the government, they then look at the next side and say everything is secret, you cannot find out.

Whereas in America they have built a certain political structure that persons on different sides of the aisle would sit together in committees and have access to information, and would participate and share security data and share financial information on companies, and so, but in Trinidad, the Government says no, we cannot share this. If the party changes, the same government goes in Opposition, the incoming government says, we cannot share this either; you who knew about it yesterday. That really is an inbuilt problem the system has.

Mr. Speaker, these are some of key issues that we would leave on the table, suffice it so say that the Government has to come clean with us, to demonstrate that they are truly desirous of getting the support of the Opposition, and if they are desirous of doing that they should really give us much more information and help us come to come to the informed judgment.

Mr. Speaker, thank you.

**Dr. Keith Rowley** (*Diego Martin West*): Thank you very much, Mr. Speaker. I just want to begin by saying that I hope that everybody in this room and all those who are listening to us and who will avail themselves of information coming out of this debate and this action which the Government proposes, understand fully the length, breath and the depth of what we are called upon to deal with.

*Central Bank (Amdt.) Bill*  
[DR. K. ROWLEY]

*Monday, February 02, 2009*

This is not a light matter; it is not a joking matter and it is not a matter for political foolishness. When a significant portion of our economy under one name, one company, one whatever, comes up for attention in the way that this matter has come up, we had better rise to the occasion. There is a calypsonian who sung a calypso many years ago, it said, "We like to play big country, but the way you begin to be big country is to start with a big country attitude."

Today, I am calling on my colleagues in this Chamber to reach for that big country attitude. Somewhere out there in the street is a document called a draft Constitution, which is some kind of amalgam between the American system and the British system, attempting to take the best of both, but creating the worst of both. That document has some familiar nexus to a position that we have taken that we want to be a developed country by 2020.

Well long before we get to 2020, long before we grasp the nettle of that and while we are still confused in some quarters as to what that means, we are called upon today, to deal with developed country problems.

**5.45 p.m.**

Recently, I have paid a great deal of attention to the American system where this problem began. People will tell you that it is the toxic assets problem in the American house market that really triggered this thing, or American lifestyle of living beyond their means or being consumer-driven, all kinds of explanation you get, but let us say it started in the American system. Then they were called upon to treat with their problem in their Houses of Parliament and the one thing that is crystal clear is that the people's representatives, those who represent people in that country, whichever side of the House they were, Democrats or Republicans, they took the position that this matter has to be properly ventilated and it has to be to the satisfaction of those persons who represent the people. [*Desk thumping*]

What you got was responsible attention, some for, some against, but the Democrats and the Republicans in front of the world—because the world was waiting to see what was going to happen because confidence was the missing component, as we are threatening here to interfere with our own confidence. But the way they dealt with it, was that the people in the Parliament came forward and said we have to act and proposals came forward. There were even those who were saying that there were other ways of dealing with it, and there were those who were saying and they were all saying, that we have to deal with it responsibly based on proper information and this is beyond naked politics.

I do not know if we can say this in our Parliament today, because before we came in here, there were those who were advising us that this was too important to be political. Well, this is very political. You cannot get more political than this because politics is about the people's interest, and therefore, when you look at it and in my own case, I am coming to this debate from a particular perspective. I have spent the last five weeks at great expense to myself, my family, my friends and everybody else, engaged in a national debate taking place publicly, and those opposed to me down at Winsure Building, are funded by taxpayers, imported from London, telling us here on behalf of the Government of Trinidad and Tobago, that state enterprises do not have to—let me rephrase that. UDeCott—because no other enterprise said that—does not have to report to or to respond to, to take directions from or guidance from a Minister of Government.

Now, I find that to be a frightening development, that position being put by management and members of the board, verbally and in writing. And as fate would have it, just as that debate is reaching a crescendo at a commission of enquiry, we are being called upon here by virtue of the present development, where the Government is being called upon to act and must act to, significantly, in one fell swoop, expand the state enterprise sector by billions of dollars.

Mr. Speaker, based on what the Government has said, if this matter is passed and the nature of the bailout is effected in the way it has been described, immediately, the Government will take onto itself by state enterprise control, a huge chunk of the national economy. That is happening at the same week, probably on the same day that one of the largest state enterprises is saying to the people, "We do not have to listen to a Minister of Government." As a matter of fact, part of the testimony in front of the commission of enquiry in writing is a board member saying, when a Minister called a meeting to deal with public moneys that they were about to misspend, maybe corruptly, he said, I did not attend because the Minister is "farse", and my colleagues listened to him politely and ignored him. That is what the state enterprise sector is paying millions of dollars to get lawyers to establish as the position.

So speaking from Diego Martin West this afternoon, I want to say to my colleagues in the Government, Diego Martin West is not in support of that. On behalf of all the people I represent from Carenage to Covigne, from Westmoorings to La Puerta, I understand from them that whoever they put in office is responsible for their assets. And if I am to vote on behalf of the people of Diego Martin West as I am called to today, I want a statement from the Minister of Finance when she winds up, that she repudiates what is being said at the commission of enquiry by state enterprises. [*Desk thumping*] That is condition No. 1.

Condition No. 2. Based on what has been admitted in a commission of enquiry by Mr. Calder Hart who is head of NIB, appointed by the Government of Trinidad and Tobago, I will be doing an injustice to myself, to the people of Trinidad and Tobago, especially the PNM, to come here and cast a vote, knowing full well that that vote would remove billions of dollars from the control of the private sector to NIB where he sits as chairman. A chairman who—I do not want to go into the details of the commission of enquiry. I think you all have been following it, but in the public service—my colleague from Tobago East will tell you because he was an old union man, I think he still is—if an allegation is made against a public servant—I do not know the nature of the allegation, but let us say a serious allegation against a public servant—the first thing that happens is something called interdiction. Once that allegation has been made and properly presented, such a public servant is removed from the state of play until it has been properly ventilated. So what happens when you get admissions of severe wrongdoing, involving billions of dollars in taxpayers' money? We wait until Christmas, this year or ten years from today when the lawyer blocks it in the court?

So I cannot, Mr. Speaker, accept that in the Parliament where the people's business is to be dealt with by those who are elected under a law called Representation of the People Act—that is how we all get here; the people cannot come in here and cast a vote. They have to depend on those who they elect to represent them, and when the circumstances are as they are today, we have to rise to the occasion. And there is no way I am prepared to cast a vote in this House to move billions of dollars under the control of an individual who as far as I am concerned, should have done the decent thing and walked if he was not sent. That cannot happen and I am sure that that is not what the Government wants to happen.

More importantly, my understanding of what the Government is saying is this, Clico is in difficulty, that is not in question. Clico is very important to us, that is not in question. The Government has to act, that is not in question. When the Government acts, the Government is going to use State resources, cash to provide the support to bolster Clico. I think that is not in question either. The Government then is going to collateralize that by taking Clico's assets in return for the cash that is going to be provided. So therefore, it follows that it has not been said in as many words, but I am interpreting it, that it is not the Government's intention to use that collateral that they will get for the cash, for any immediate distribution. I would think that the collateral would have to be used to recover what the Government has put out to help Clico, and therefore, sending bank shares to NIB, who are going to be the comptroller and beneficiaries of that? NIB is not 100 per

cent Government owned, there is an arrangement in NIB. Then in talking to my colleague, the Member for Diego Martin North/East, I am making a new suggestion. We cannot send it to Unit Trust either because Unit Trust belongs to the unitholders and the Government wants the returns that will come to the Government from owning those shares.

So therefore, I am suggesting to the Government that if this thing is passed, one of the conditions for passing it, is that the Government immediately creates a holding company to hold those shares so that it will do only that—hold them. The receipts will come to the Government to go back where public moneys came from as the earnings come to the shares, and that the Government will dispose of the shares in a timely manner, so as to maximize the returns from that intervention.

It is not feasible to think that the Government can dump all these shares for sale or anything like that, you will want to dispose of them after proper adjudication, proper thought, no hurry and it may very well be that at the end of the day, members of the public who initially came in to bail out Clico, the economy turns around, we are holding shares, the shares appreciate and we may make something on it, but you probably need to hold it for a time. So what is going to happen with the bank shares is important and I think that we do not need to hurry on that, but where it goes, I know where it is not going to go with my vote. It is not going to go to NIB to meet what is already there. So, I put that out to the Government.

Mr. Speaker, I was shocked in the face of what I said about what a state enterprise is saying in a commission of enquiry, to hear the Prime Minister say—and I have no reason to doubt him—that somebody from NGC—I do not know if it is board or management, he did not say, but I presume the board has to be involved in that—has \$3 billion at CIB. Now, I always knew higher returns equal high risks. Is it that given the doctrine that is being propagated by UDeCott, that Ministers cannot tell state enterprises what to do, is it that the Minister responsible for NGC knew that was happening and did not and could not do anything about it? What is worse, the Prime Minister goes on to say that some person or persons was collecting commission. Now, if that is happening or has happened, how could that be allowed to happen and only come to light when this bail out becomes a public issue? [*Desk thumping*] I more than anybody else should feel aggrieved to hear that because if the Prime Minister knew that \$3 billion was being put in the riskiest arrangement in the country, people collecting commissions and we hear about that today, and some nameless, faceless person says that \$10 million is missing in Arima and we get a commission of enquiry with my name in it, what am I supposed to do? What am I supposed to think? What is the country supposed to think?

*Central Bank (Amdt.) Bill*  
[DR. K. ROWLEY]

*Monday, February 02, 2009*

Mr. Speaker, something is not right here and that needs to be addressed because if that actually happened in the context of it being said that Ministers of Government cannot direct or guide state enterprises, then the population should be very concerned because in NGC it is \$3 billion, UDeCott is \$16 billion, this new entity we have no idea how many billions are involved. So the population would, in fact, have lost control of its resources. I said earlier, on in the American system, even though the numbers were just approximations, but all along somebody was able to say what kind of bail out was involved. By the time it got to a vote in the Senate and the House, people knew what they were dealing with. We are dealing with something here and we are being told, "Well, because of how it has happened, we do not know and we really cannot be expected to say what is involved." I do not think that is good enough. I think the people involved, both Clico, the Government and the—*[Interruption]*

**Mr. Imbert:** I thank the Member for Diego Martin West for giving way, I just want to clarify. As far I know, when the hon. Prime Minister was speaking about that transaction where somebody got a commission for putting a deposit into NGC that was under the UNC.

**6.00 p.m.**

**Dr. K. Rowley:** That only highlights the problem, because if we knew—*[Interruption]*

**Mr. Speaker:** Order!

**Dr. K. Rowley:**—that somebody did that under the UNC—I recall that somebody might have done that from the Agricultural Development Bank (ADB), because there was a gentleman who got fired from the ADB for not doing something like this, because the board said that he did not carry out the board's instruction. My information is that recently they tried to recover some of that money and could not. So now if we are being told that happened under the UNC, I wonder if it was \$3 billion or \$300 million that went in under the UNC, because \$3 billion went in under us. If the same thing could have happened then, is somebody collecting a commission now on the \$3 billion? Did the Minister clear and agree that \$3 billion should go to CIB when you had other arrangements available, including Government short-term holdings?

I want to make it very clear; I have absolutely nothing at risk in Clico except my constituents' interest and the wider community. But if it is that these opportunities exist, how do we prevent them from happening? It has to be against a government policy that says, "This is what we will accept and this is what we will not accept."

Mr. Speaker, today I heard the Opposition make allegations of criminal conduct against my ministerial colleagues. I hope the Opposition is not being mischievous, because an allegation like that is very serious. All this is about trust and confidence. In a developed country environment, such an allegation would be pursued to the limit and ventilated to ensure that no person is smeared in that way and that confidence in the system is restored. Such things cannot be swept under the carpet. I expect to get complete, complete disclosure on these matters, so that the confidence that should attend these matters, would attend them. If those statements are irresponsible, well then I expect apologies from the makers of those statements.

These are serious matters; these are not things to make jokes with; these are not jokes to make. When you accuse a Member of the Cabinet of doing a thing like that, that is a criminal act. If it did take place, well somebody has to account; and if it did not take place, then nobody should be under such a cloud.

Mr. Speaker, I do not want to personalize this thing, but it is part of the public domain. We have a situation right now where there are two reports before a commission of enquiry; one put there by a state enterprise saying A, another one put there by a minister of government saying B; and that is going to be resolved somehow. I do not know if these things are just only for particular situations. Principles cannot have personalities attached to them. Government policy cannot be located on a particular day when the weather is fair; that is why I am calling on the Government to do all that has to be done to ventilate all these matters.

I did not want to raise these matters at all; in fact, I have kept very silent in the last few months, because it was my intention to say nothing on these matters until the end of the proceedings. But what has transpired here, between Friday and now, requires us to see these things in the context of what we know, and to the extent that we are required to put policies in place, programmes in place, moneys in place, people in place, we cannot turn a blind eye to what is happening.

Let me give an example of my discomfort. Recently, the Government bought out a block of shares from Stone Street Capital, and the Government then became the majority shareholder of that company. To my shock, to my horror, even as there was a tremendous amount of public disquiet about what had already transpired elsewhere, they appointed the chairmanship of that enterprise. That chairmanship was appointed in what the rappers and their friends call the "in your face approach", because the Chairman of the Home Mortgage Bank turned out to have been someone who I felt the Government should have reconsidered for that appointment.

*Central Bank (Amdt.) Bill*  
[DR. K. ROWLEY]

*Monday, February 02, 2009*

Maybe I can be told that the bank shares from Republic Bank would come to Government, as they would in this arrangement, and the Government has to appoint a director or chairman of the bank, as they would be entitled to do, being the majority shareholder. What guarantee do I have that a similar in your face appointment would not be made? What guarantee do I have that in order to tell me where to get off, that the Government would not appoint Mr. Calder Hart as Chairman of Republic Bank or a member of the board? Based on what happened with the Home Mortgage Bank, I have no guarantee that would not happen. None; because it appears as though some persons are taking the position that these things are about personalities. They are not about personalities, they are about policies.

Before the vote is cast, the Government needs to clarify and give assurances that these are not in the works, not on the cards, and the positions are not going to be created for that to happen. If that happens, it would send a signal in a way that we might not be able to recover.

Mr. Speaker, another thing too, I do not know why I find myself in this all the time, but every example I look for is an example that I am familiar with. A few years ago, I was at Balisier House when it came through the ether that there was to be a demonstration outside Balisier House. The demonstration was very vociferous and there were a lot of threats and carrying on. It was the Hindu Credit Union people who came to Balisier House to accost the Minister of Finance who had indicated some interest in investigating what was being said about the Hindu Credit Union.

The reaction of the Hindu Credit Union was to bully the Government, and the Government backed away from going in there to see what happened. Well, in recent months, we have read all about what was going on in there and, at the end of the day, the Hindu Credit Union crashed. So it can be said that the people who ran the Hindu Credit Union jumped, waded and misbehaved, and when the party was over, poor people and not so poor people, who had their money in there, lost their money. They have been calling for help and saying that it was not their fault, and looking to their Government. We have not acted yet on that. Up comes this situation, and the Prime Minister tells us today about somebody in Clico who was trying to get somebody to use policyholders' statutory fund money to bring it into an account to pay bonuses.

That brings me to the point: If that is true and if, as the Prime Minister said, it was management misconduct at Clico that brought us to where we are today, how as a government of all the people can we, in all conscience, say that we are going to bail out Clico and not bail out the HCU people? [*Desk thumping*] How can we

do that? Let us not mix words, especially since there are those who are prepared, correctly or incorrectly, to cast the HCU issue in ethnic considerations. A government has to look after all the people. [*Desk thumping*]

If people feel aggrieved—and I am saying this to my colleagues on the other side—you might be right economically, you might be right financially, but if in the face of what we are called upon to do now, we do not take on board the grievances of those persons who can rightly claim that they too should have been protected by the State, then it does not matter how the Government couches it, we are going to have a lot of people out there who will feel hard done by a government that did not come to their relief when, in fact, it was not all their fault; even though they were outside Balisier House making noise. To the extent that they see the Government's inaction or lack of help in the context of their ethnicity, it would be a problem that would last for a long, long time.

I will tell you worse than that. When they hear that they were asking for \$40 million or \$100 million, in some arrangement with the Government, and the Government failed to give it, and they see on television an admission from the Chairman of UDeCott that he and two of his board members sat in the quiet of their room and awarded a \$368 million contract to a three-week old company, when nobody could say who the company belonged to, but they got a contract for \$368 million under strange circumstances, when the people see that, they would say, “So different strokes for different folks; we could lose our cacada, which could have been saved by \$160 million, with all kinds of justification coming as to how wrong it is in economic sense, but people who feel that they have the right connections and they have the right backing, could do something like that.”

A contractor could have in his hands right now \$100 million of Government money unsecured, come from the same source and, at the end of the day, let me put it this way, if we bail out the people at Hindu Credit Union, you are bailing them out with their money. If we bail out the people at Clico, we are bailing them out with their money. It might very well be that the people who are getting money out of UDeCott, were taking our money and going somewhere with it. That is fair? [*Desk thumping*] That cannot be right.

I want to say something to my colleagues on the other side. We seem to have a knack, in recent times, of making enemies; politics is about making friends. We cannot fight down the construction industry; we cannot fight down the Hindu Credit Union; we cannot fight down the church; fight down the Opposition; fight down Tobagonians; a day of reckoning will come when we have to ask somebody in this country to vote for us. "Who we going to?"

**Mr. Warner:** Calder Hart!

**Dr. K. Rowley:** He might not even be here. "Who we going to?" We seem to think that everybody is to be browbeaten; "fight dem down"; attack them and behave as though we are not going to need them. We are going to need them everyday. We need them to govern; we need them to win; we need them to build the country. We are about making friends and influencing people; that is what the PNM is all about. Our policies can be criticized; our policies can be analyzed; our policies can be rejected in certain quarters, but if at the end of the day our policies are fair, even those who criticize us would be inclined to want to support us, because those same policies they criticized might be the best of the options available.

I do not know what my colleagues on this side are offering as an option. I heard it said that something else could have been done; it was not said very clearly, but the Government has put something forward which has found wide public acclaim. Unless they put something better, the public will have to judge by what we have done and what they have said that they would do. At the end of the day, as Government, we have to ensure the maxim about government being fair to all, according to our oath of office, and also making the best option that is available to us.

There are always options. I am sure there are persons outside who are saying that this is not the way to go. There is never one way to treat a problem; there are always options. This is the option the Government has chosen; it is worthy of support. Once the caveats that I have raised are dealt with, I think that this is supportable. I expect that the responsible people in this House would find a way to get out of this situation.

**6.15 p.m.**

I want to say again, this is not a light situation. This is not something we must take and say it is all in a day's work. How many days are we called upon in a year to bail out a major company, how many days? We have to survive this with confidence intact so it does not spread, so that people would feel that it has been dealt with.

Mr. Speaker, it would have been nice if at the end of the debate, all of us in this House could have found common ground so that the people would see that their parliamentarians have found their way. But we do not have a finance oversight committee to treat with it and bring it to the House properly ventilated and studied. It is a committee of the whole House, and it would be a real

disappointment if something like this is dealt with in the House by purely partisan votes, where only the Government votes support this matter and the Opposition could not find it possible to support it.

This would say to the country that it might be what the Government has put forward is not the best option that is available. We do not have the mechanism by institution to say that it must find common ground before it comes to the vote, which is what would have happened in the American system.

What is taking place on the floor here, would have taken place outside, the leaders would have met and cut and thrust outside, and by the time it was properly ventilated, it would have come here knowing that all the nettles would have been removed and was something that a wider cross section could have supported, but we are not there in our system. As we talk about developed country, we are not there; we are still very narrow minded, we still operate on the basis that I cannot share anything, because sharing is weakness. That is the hallmark of our system still, that to share is to appear to be weak.

This kind of situation would have been much better dealt with if at tonight's vote, the Members of this House having ventilated the problems, raised their concerns, were able to say this is what the Parliament is going to support and the people will take confidence from that and continue to build the country having had the experience of a near collapse of a major institution. It would be a tragedy indeed if we are trying to build a country to developed country status and at the same time we are doing that, something like Clico could find itself in difficulty and not be saved for the next generation, or generations to come. [*Desk thumping*]

There are few things in this country that we take pride in and if we list them, Clico will be one of them. Clico owns Angostura and there are some things we do not spend the time in what we should be taking pride in because we spend so much time worrying about what has shamed us and who is shaming us, and, therefore, we need to ensure that as we build, we just do not build new structures, but the old structures to continue to be the foundation on which our country has been built, and that is where Clico comes in.

If there are people who have policies that do not mesh with the public interest, then such persons should be eased out. If there are persons who believe that it is all about them and not about the wider public good, then we can bid them bye-bye especially if we pay you with public money. And by the same token, as the Government is thrust into the wider economy for this kind of control, it would do well to look beyond the confines of our party and Cabinet for people to run the

*Central Bank (Amdt.) Bill*  
[HON. K. ROWLEY]

*Monday, February 02, 2009*

affairs which have now been put in the lap of the Government. These are national issues, broad issues, and if people understand that, they will understand the extent to which it is required to take a certain position.

We cannot personalize these things and, therefore, the allegations and counter allegations of individuals doing this and that may sound good but it does not help. I would like to be a part of the vote that comes in, it does not matter how we got here, and there is enough blame to go around. I am sure there is some blame to be taken by Clico, I am sure there is some blame to be taken by the Minister of Finance, I am sure there is blame to be taken by the Central Bank, but we have gone past that point on the river.

We are now at the point of how do we go forward from here in a way that this has happened in the past and it is not going to stain and taint the future. If we see it like that, there will be other days for serious political cut and thrust. There will be other days for serious personal battle, but today is to rise to the occasion and do what has to be done given the best option.

I do not know if it is too late for those on this side to talk to those on that side if only for a few hours, if only for one day, because we cannot let this drag on; the faster we get this done, the better. I think the signal has already been sent: The Government has the votes to pass this matter, so Opposition, you cannot block it, the Government has the votes to do it. But on the other hand, that signal having been sent that the Government will do this, I think that should allay the fears of those who are most weak-kneed, but we probably can do better if we get a little more consultation to ensure that there is a little more agreement in what we are going to do so that the Parliament can take responsibility as a Parliament for intervening at a time when the country was called upon to deal with a major big country problem.

We cannot deal with these matters with the small country, nonpartisan attitude and at the same time saying we are moving towards becoming a developed country. Let us rise to the occasion and treat this as a developed country would treat it. We need to look at it in its totality and get the best out of it. For example, is it too soon to ask the Government what it thinks would happen with respect to some of the shareholding that will come as a result of this vote?

My colleagues know that the last thing I want to see the Government own is any piece of the media; you know my position on that. It is my view that the Government does not need to own any aspect of the media in this country. There are those who think otherwise, so be it. If we do come into a piece of the media,

especially a significant piece, is it too soon to indicate what our thinking is as to what will happen?

If we thought about this holding company as I suggested, and that thought driven by the bank shares and other interest that would go with it, could we commit at this point in time that certain things will happen very quickly with respect to divestment of certain parts of that portfolio? These are things that could be ironed out in a matter of hours if we want to talk.

Parliamentarians in the Parliament of Trinidad and Tobago, it is one thing to shout insults across the floor but we need to talk.

Mr. Speaker, I thank you.

**Mr. Ramesh Lawrence Maharaj SC** (*Tabaquite*): Mr. Speaker, in joining this debate, I have a duty to make certain disclosures under the *Code of Ethics for Parliamentarians including Ministers*. When the interest of Members or his immediate family is involved, the parliamentarian should disclose those interests to the extent that they are known to him.

Members of the immediate family will ordinarily be comprised of the parliamentarian's spouse and dependent children that may include other members of his household or family when the interests are closely connected with his.

A parliamentarian should not use information obtained in the course of official duties to gain directly or indirectly a pecuniary advantage for himself or for any other person. In particular, a parliamentarian should scrupulously avoid investments or other transactions about which he has or might reasonably be thought to have early or confidential information which might convey on him an unfair or improper advantage over other persons.

Mr. Speaker, I want to put on the record that I am a customer of Republic Bank, I do not own any policy and I do not own any policy with Clico, and I am not a customer of CIB. My wife Lynette Maharaj, is also a customer of Republic Bank.

Having said that, I must confess that I have a special love for this issue because in my career as an Attorney General I had to deal with this issue and it was one which was felt that it should remain secret, and I took the position that it involved the lives of many people, and the Government, the public service and the public should know because it was important for steps to have been taken to bring Clico in line and the group of companies or whatever action had to be taken in the interest of the policyholders.

*Central Bank (Amdt.) Bill*  
[MR. MAHARAJ SC.]

*Monday, February 02, 2009*

We are being asked to discuss an issue like this in which the Government as my learned colleague, the hon. Member of Parliament for Diego Martin West said, a substantial sum of moneys, valuable assets would be acquired by the Government and it will be asked to manage these assets and I have a difficulty from what I have seen recently with how Government manages state assets.

I have risen in this House and indicated that a \$368 million contract was awarded to a company which did not even pre-qualify. I have seen a commission of enquiry being conducted and there is virtual admission of impropriety, irregularities, not following procedures and the gentleman who has been in charge of that has even admitted that there is a family link, his personal fax number is on the company's letterhead.

I have a difficulty if I am seeing that the Government is still keeping and defending that chief executive officer. Am I safe in voting for a measure which will put billions of dollars under management of persons like that and a Government will be able to do the same thing?

So when the Government says it gives a commitment, I do not accept that, with the greatest respect. And, therefore, I believe that this should be looked at in a way in which the country needs to have confidence in the financial sector, but we in the Parliament owe a duty to our constituents and the public to ensure what we are voting for would not be giving power to Government which could again be misused and abused.

We are saying this in the context that it involves scrutiny and accountability and when one looks at the track record of the Government, even with select committees appointed under the Constitution, we see that there is no commitment to have the kind of scrutiny for which the Constitution provided, we see a committee system which has not functioned.

If we had a committee system which was functioning and an Independent Senator chairing that committee for matters like these, then we could have said that before a board was appointed to some of these companies, it would face the scrutiny like America for the board member and the Chairman to answer questions.

**6.30 p.m.**

But I am seeing that a Member of Parliament, a former Minister, who has been vindicated completely by the evidence which has occurred at a public commission of enquiry, and what do I see? I see the continued persecution of that

Member of Parliament and I see the Government committing moneys to have a commission of enquiry into something—just as somebody said—even though the state company said there was no basis for it.

What is my duty? What must I do? Must I just blindly vote for something like this, when I do not know even—apart from what I have said—the extent of the moneys involved? I have read all of the takeovers, all the bail outs in America and in England and in all of them the governments had to produce to the parliamentarians and to the national community, evidence of valuation, balance sheets and actuarial reports. We are being asked here to commit ourselves to a vote. We have not seen the balance sheets for 2007 or 2008; we have not seen the valuation.

So are we going to blindly vote to seize the company and then we do not know what we are voting for? Then when I heard here this afternoon, after we on this side were saying we support the principle; we support the depositors getting assistance from the Government; we support the policyholders getting assistance from the Government; we support in principle what the Government is doing, but we needed information—

**Mr. Imbert:** Again?

**Mr. R. L. Maharaj SC:** Look at what the attitude is: “Again”? Then we hear the Prime Minister say that, “We want this and what we want this for is to go the next day to go and raid the office.”

**Dr. Moonilal:** That is it. He did say that.

**Mr. R. L. Maharaj SC:** So, in effect, are we going to vote here to support a measure and after the next 48 or 72 hours we see a company being raided by police, which can do more damage to the system?

So I support the Member for Diego Martin West. I think that what should happen here is that in the national interest there should be discussion to see how best we can achieve this, because I do not think there is any problem with what is being done. It may be the method, how it is being done; it may be that in the discussions the Government may agree with the proposal put forward by the hon. Member for Diego Martin West; it may be that the Government may consider that the shareholdings and deposits of some of these companies can be made available for sale to the people of Trinidad and Tobago and that they can use, if they want, some of their deposits to buy those shares and if they want to sell them they can sell them, but at least we would have a guarantee that the company and its assets will be indigenous and will remain indigenous.

*Central Bank (Amdt.) Bill*  
[MR. MAHARAJ SC.]

*Monday, February 02, 2009*

What prevents us from supporting these measures and tomorrow—I am not saying it would, but tomorrow it ends up in the hands of a member who was the financial director of the CL group and he was treasurer of the party and then that is divested abroad? So I think what we are doing here is very, very important and after we vote—and if we vote for it—we would not be able to say the abuse of power is being exercised because that would have no restraint on the Prime Minister. Therefore, I could not understand, too, how is it that since 2004, the Central Bank knew of the position of Clico and the Central Bank is saying—or the Ministry of Finance or the Government is saying that they did not have the power to deal with these matters?

I want to quote the law to show how during that period of time the Central Bank had the power to deal with this matter in order to take steps to make Clico comply and to even do certain things over that period to have avoided this difficulty today. In 2000, there was a report of the Supervisor of Insurance into the affairs of Colonial Life Insurance Company Limited under the Insurance Act. That was a report which, as Attorney General, I made available to the public after I took the position that it was the duty of everyone to take action and to remedy the situation.

That main findings of the report which was read into the record of this Parliament, showed Clico's inability to satisfy its statutory fund requirements and its technical insolvency; the failure by the company to submit acceptable actuarial certificates; Clico's use of policyholders' funds as security for bank overdrafts and to make unsecured loans to its parent company. As at December 31, 2000, Clico's loans to the parent company amounted to \$641 million-plus and its bank loans and overdrafts stood at \$201 million-plus.

In the report it showed that the UNC administration called in Clico, through the Ministry of Finance and requested Clico to comply by trying to bring the company within the requirements of the Act. It had to implement measures to address this deficiency in the fund in order to comply with the Act. It is history that the government was changed in 2001 and although this report was in the possession of the succeeding government—the Ministry of Finance—and the report dealt with—I just want to read two parts of the report:

“Having regard to the above, the Office (that is the office of the Supervisor of Insurance) has serious reservations about the ability of this company to pay an additional sum of \$158M per annum plus interest its commitment on this new debenture. The situation is further exacerbated by depressed methanol prices.”

So even in those days we knew that Clico was suffering because of methanol prices not being high:

“The excess of liabilities over admissible assets of 1997 approximates \$1.1 billion. This situation has come about essentially because of investments made by the company, which are inconsistent with the regulations. The Office has repeatedly communicated its dissatisfaction and concern about this matter but the company continues to flout the regulations.

The observations of our Consulting Actuaries have been the same for a number of years. More recently their advice is that the Company's operations are becoming progressively worse; they have strongly advocated that the Company changes its investment strategies and demonstrates corporate responsibility.”

Then the report went on to show some of the practices which the company was doing. In conclusion it says:

“CLICO, by today's standard is a financial conglomerate being involved directly or indirectly in a diversity of operations and ventures. Straying from core insurance business and not being guided by the principle of conservatism and prudence...”

According to the Second Schedule of the Act.

“The excess of liabilities over admissible assets for 1997 approximates \$1.1 billion...has come about essentially because of investments made by the company...”

So, we had from this report too, that this has been the problem even for the period—as a matter of fact, in paragraph four of this report it shows that for 1992 to 1995 the margin of technical insolvency progressively increased. So that we see a situation in which it was known both under the PNM administration before we took office and at a certain time in our administration, in which we took steps to try and see if the problem could be solved. We know that this thing continued from 2002 to 2004 and in 2004 the Central Bank—because there was an amendment to the legislation which made the Central Bank the regulator for the insurance company, and we know from the admission of the Governor of the Central Bank, he knew that this problem existed.

As a matter of fact, the Governor of the Central Bank said:

“In our regular monitoring of CIB and Clico since 2004, the Central Bank has consistently focused on these deficiencies.”

What law was in existence and is still in existence for the Central Bank to have monitored this situation? This is important because the impression which is being

given—and I asked the Minister whether the Central Bank could not have done something about this and the Minister gave the impression that the Central Bank was powerless. Well, the Central Bank Act, Chap. 79:02, the Act which was amended in 1994 and then in 2004, said at section 44D:

- “(1) Where the Bank is of the opinion—
- (a) that the interests of depositors or creditors of an institution are threatened;
  - (b) that an institution is likely to become unable to meet its obligations or is about to suspend or has suspended payment; or
  - (c) that an institution is not maintaining high standards of financing probity or sound business practices,

the Bank shall, in addition to any other powers conferred on it by any other law, have power—

- (i) to investigate the affairs of the institution concerned and any of its affiliated institutions and to appoint a person or persons for that purpose;
- (ii) to such extent as it thinks fit, to assume control of and carry on the affairs of the institution and, if necessary, to take over the property and undertaking of the institution;”

So the Government had the power to take steps to deal with the institution:

- “(iii) to take all steps it considers necessary to protect the interest, and to preserve the rights of depositors and creditors of the institution;
- (iv) to restructure the business or undertaking of the institution or to reconstruct its capital base;
- (v) to provide such financial assistance to the institution as it considers necessary to prevent the collapse of the institution;”

So the Central Bank had the power to provide financial assistance:

- “(vi) to acquire or sell or otherwise deal with the property, assets and undertaking of or any shareholding in the institution at a price...”

And to ensure that high standards are maintained:

- “2. The powers of the Bank under subsection (1) shall not be exercised unless the Bank is also of the opinion that the financial system of

Trinidad and Tobago is in danger of disruption, substantial damage, injury or impairment as a result of the circumstances giving rise to the exercise of such powers.”

**6.45 p.m.**

From 2004—2008, the Central Bank and the Government of Trinidad and Tobago had the power to take steps to put Clico on a sound basis and even it became necessary not only to investigate but also to assume control and carry out the affairs of the institution. The Government wants extra draconian measures and extra coercive power.

We have a situation in which CL Financial which is the holding company is not regulated but its subsidiary Clico and others are regulated. The cash cow is Clico and moneys are being lent from Clico to the holding company. Under the Central Bank Act, the Central Bank had the power over Clico and Clico is the cash cow. If Central Bank had the power and had exercised it they would have been able to have Clico on a sound basis or take appropriate steps to protect the public interest. It is the Government’s fault. It slept for six years. This problem accrued not only when the UNC was there and took steps to have Clico on a time frame. UNC was no longer in government. The PNM took office in government. Therefore, the PNM government had a duty to carry out that policy and to ensure that it was brought into life.

The Government is giving the impression this has to do with bad management of Clico. As a matter of fact, if Clico is being managed like other insurance companies and the Government is not doing its duty, then both the Government and Clico are at fault. The Government cannot use that bad management and say that it exercised bad management, it does not recognize that it did not perform its statutory duty and now wants to take steps to take the assets of Clico without exercising other options. I have not heard from the Government that any other option was discussed or considered. What prevented the Government from giving a loan but as a condition, having rules for different management which would be scrutinized and the Government would be able to account to the people? We are an innovative people. We can say give them a loan; help them and they would pay back. Let the company be owned by Trinidad and Tobago and remain Trinidadian and Tobagonian.

Clico was started by a man called Cyril Duprey in the 1930s, I think. It was the first time that black people, Afro-Trinidadian and Indo-Trinidadian had an opportunity to have a share in this kind of business. Are we going to allow this to

*Central Bank (Amdt.) Bill*  
[MR. MAHARAJ SC.]

*Monday, February 02, 2009*

go outside the window like that without exploring other options? Who will we put to manage this? First Citizens Bank? Look at what we have heard about First Citizens Bank. Would First Citizens Bank be able to manage this thing? Would NIB be able to manage this thing in the public interest? Look at what is happening with NIB. If we proceed with this we might be doing more damage to our financial system.

The other issue which has arisen in this matter is that it seems to me that everything was done upside down. As I understand it, a bail out is to prevent liquidation or receivership. I have seen that although a press release about a bailout was made on Friday, on Saturday I saw in the newspaper a notification that pursuant to section 44D the Central Bank proposes to assume control of CIB to appoint a receiver. If a receiver is appointed you cannot deal with anything. I do not understand what is happening. Normally, if you want to restructure you must have a due diligence report. How would you know what restructuring you want to do? A valuation? How do we know the real evaluation of these assets? This thing is so upside down that I do not know if the Government knows what it is doing in this matter.

I want to raise another issue because it brings into focus the whole issue of equality of treatment. I cannot understand how a government can say that it wants to bail out the depositors of Clico and its subsidiary companies, but you have the Hindu Credit Union which also had problems of management and the Hindu Credit Union is not asking for bail out. They are asking for a loan to sell its shares to who wants to buy them; for that money to be used to pay for the shares in the time being because of the cash flow and they would repay the loan with the assets. I have no interest in the Hindu Credit Union. I met with Mr. Harry Harnarine this morning and he gave me the letters which were written to the Minister of Finance.

I was told that the shareholders and persons had agreed to put up the money. Under the Judicature Act an injunction was granted and it has expired. Now, the Minister is considering proposals because there has been a bid to buy the assets of the Hindu Credit Union. I made a note as to what the Hindu Credit Union wanted. This loan would have come to \$300 million which would have been paid back. You would have saved the deposits of people including many of the former sugar workers who have worked hard for their money. The membership of the Hindu Credit Union is concerned with a variety of people. It is not only limited to Indo Trinidadians. There should be some concession by the Government that if they are going with these measures they must also help the depositors of the Hindu Credit Union.

It is very difficult for people in this country to rely on the guarantee of the Government because if you remember, the Government guaranteed the former sugar workers that they would get agricultural and residential land. To this day, a former sugar worker has not had a deed for a piece of land. Even though the High Court made an order, the matter is in the Court of Appeal. The Government is contending that there was no promise by the Government to give them land. The Government is spending millions of dollars in legal fees against the former Minister of Housing in a commission of enquiry. It may come to hundreds of millions of dollars that the Government is spending in the commission of enquiry. The Government is spending millions of dollars in legal fees to fight former sugar workers. The case is that the Government did not give them any promise of land. The Government is saying that in court, but on the ground the Government is saying that it is giving them land and preparing the infrastructure.

The former sugar workers' pensions are with Clico. It is important to protect the pension fund. We understand that not only the depositors and policy holders have to be protected but also the pension funds. What should we do with a matter like this? There are always defining moments in the Parliament and this is probably a defining moment in the history of our country. We are faced with a very serious situation. We have to act in a bipartisan way when there are national interests concerns. We on this side of the House have demonstrated our commitment to act in the national interest, but the Government ought to understand and respect that we, as parliamentarians, have to make informed decisions. We cannot make informed decisions if we do not get the information and there is no genuine consultation.

I will put into focus how this happened in the world context and in our context. The background of the world's economic crisis, as we know, economic development depends on cheap energy, oil and natural gas. The Asian countries, particularly China and India were growing very rapidly and the demand for oil was correspondingly growing at a rapid rate. Oil production globally, could not match the growth rate especially when one considers that most of the easy ways of getting oil was near depletion. With demand for oil exceeding supply the crisis grew at a high rate reaching up to US \$147 a barrel. This drove the world to seek alternative fuels so increasing the price of food as land was taken away to produce ethanol. Ethanol was not cheap. In the United States its production was subsidized by the government.

OPEC could not respond to this demand for oil. The rapid growth of Asia also drove up the prices of commodities such as steel, copper, et cetera. The western

*Central Bank (Amdt.) Bill*  
[MR. MAHARAJ SC.]

*Monday, February 02, 2009*

developed countries were forced to reduce their demand for oil with a contraction of their economies. If you recall, airlines went bankrupt; tourism dropped; prices of goods began to escalate and the economic downturn started. We had the financial collapse triggered by mortgage fiasco that spread rapidly across the developed world. Finance houses collapsed and consumer and investor confidence diminished.

Hence, there was a credit squeeze. Business depends on credit and with the financial collapse, the economic meltdown escalated to what it is today. Even the rapidly developing Asian countries that were once thought as being immune to this economic mess from the West succumbed. The mighty China, Japan and Korea that depended on trade with the West are also facing economic collapse.

**7.00 p.m.**

The demand for oil dropped very sharply as did its price. Today the Organization of Petroleum Exporting Countries (OPEC) has cut supply, but even this has failed to get oil price to rally around US \$40 per barrel. The Icelandic government fell and there are massive demonstrations all over the world by people against their government's failure to protect them from unemployment. Although the Government has failed to manage this problem from 2002—2008, I do concede that there has been some impact of the world situation on the Trinidad and Tobago situation.

Before the global economic collapse, our economy, which is based on oil, gas and petrochemicals, was in boom, rapidly increasing reserves and government spending. The global financial collapse and the global economic depression destroyed the earnings of the Trinidad and Tobago energy sector, hence the Government's major source of income. Fifty per cent of government earnings come from the energy sector and that sector earns over 90 per cent of the country's foreign exchange.

Global tourism also suffered and, as a result, our tourism sector declined. Hotels in Tobago are very much below their occupancy levels even for this high season. The Government of Trinidad and Tobago first claimed that we would not be affected by the global credit crunch and the economic downturn. We have seen, however, cuts in the 2008/2009 budget because of the drop in prices of petroleum and its products.

However, unlike the developed world with the drying up of credit, low liquidity, low inflation and low interest rates, useless with the loss of confidence in the financial institutions and consumers not spending, Trinidad and Tobago has high inflation, risen again this month, high interest rates and high liquidity even at this stage of the global economic depression. The financial institutions have

seemed immune from the global situation, but what we forgot was that the strength of our financial institutions eventually depends on the strength of our economy.

As our one-commodity economy collapses, it is inevitable that our financial institutions will also decline. In the good times, energy sector companies amass large savings which they invested, for example, NGC and Petrotrin. The Governor of the Central Bank said that, in the bank's view, the current difficulties being faced by CIB and Clico have to do with three things:

- excessive related party transactions, which carry significant risk, not specifically prohibited by the present legislation;
- an aggressively high interest rate resource mobilization to finance equally high risk investment, much of which are liquid assets that could not be turned into cash, including real estate both in Trinidad and Tobago;
- a very high leveraging of the groups which constrain the potential amounts of cash that could be raised from the asset sales; in other words, CIB and Clico, while asset rich, was cash starved and if called upon by investors to repay moneys, would be unable to do so.

So, we should note that it is not because of the particular problem that Clico is having for cash—the assets of Clico can sustain government lending Clico money; it is not that Clico does not have worth. It is the same option because, on the HCU assets, there is no big liability.

Where you have a situation that Clico's assets are worth substantial sums of money and all the problem they have is because of the cash flow problem, it is easier for Government to consider a loan option rather than a purchase option. As long as these companies were making huge cash, then obviously their cash flow was not a problem.

That is why, Mr. Speaker, I maintain that the Government did nothing by trying to solve the situation with the existing law, but the Government is saying that from 2004—2008, it took four years to bring the amendment to the Financial Institutions Act before the Parliament. Why have four years elapsed and now the Government is trying to close the barn door in such a rush after the horse has bolted?

It seems to me that the Government has to reexamine its policy with respect to this measure. As I see it, nothing prevents the Government from entering an

*Central Bank (Amdt.) Bill*  
[MR. MAHARAJ SC.]

*Monday, February 02, 2009*

arrangement, but if it wants us to give it support; to give it coercive and draconian powers to implement a measure which can adversely affect business interests and the financial system of Trinidad and Tobago, we need more information, certain assurances and concessions from the Government, especially in the light that it does not seem to be interested in scrutiny by the Opposition and by the public. It does not seem to be interested in transparency and accountability. It seems to be interested in and has a habit of condoning the abuse of power given to state companies and chairmen of state companies who have been runaway and have shown openly that they are not acting in the public interest.

The Prime Minister has shown that, notwithstanding all the evidence against these state companies and their chairmen—some of them in particular—he is prepared to condone that action and use his power in a way that is dictatorial and tyrannical in order to go against people whom he does not like.

In that context, although we support the Government's desire to help the depositors and those who have annuities, the method we think is very wrong.

Thank you very much.

**Dr. Tim Gopeesingh** (*Caroni East*): Mr. Speaker, my intervention will not be very long. It is nothing about quantity, but quality this evening. It is important to make some statements before I go further.

For the past few years, this country has been awaking gripped with fear of the movement of individuals because of the crime situation and criminal activity. But now, within the last few days, citizens awake to a greater fear—that of losing their lifelong savings. The older people, who have stashed their little money they have worked hard for, are now frightened as to what will happen. The people who invested in HCU have already felt the pain. In addition to the criminal activity, the citizens have to endure the pain and suffering because of the incompetence of this Government to deal with the financial situation over a period of time.

As the Member for Diego Martin West indicated, that blame must be apportioned to relevant quarters. Blame must be apportioned to the Government, a small amount to Clico and a significant amount to the Central Bank; not only the Governor, but the Inspector of Banks because they have the responsibility and authority to deal with it as the Member for Tabaquite indicated. The insurance laws of the Republic of Trinidad and Tobago ensure that the bank could have taken whatever action was required.

Since 1993, the last PNM Government has talked about a reform of the financial sector. Mr. Speaker, you will remember when we were discussing the

Financial Institutions Bill we spoke ad infinitum about the Green Paper which was converted to a White Paper in 1994. Why did they not act on the White Paper? As my colleague said, between 2003 and 2009, for six years, they did nothing about it.

These were the comments that emanated from that Paper. The existing regulatory and supervisory framework is fragmented and the system is now subjected to three different regulatory authorities, namely, the Financial Institutions Supervision Department, which falls under the umbrella of the Central Bank; the Commissioner of Cooperative Societies; and the Securities and Exchange Commission.

They had realized, in 2003, that there were problems in the financial sector: in the banking sector, the insurance sector, the pension sector, in venture capital and so many of these areas in the finance world. They promised that they would bring one single regulatory authority. They came to this Parliament piecemeal on different aspects of finance, trying to amend this and that; the same thing all the time and we end up where we are today.

It is because of the incompetence of the Government to bring about a single regulatory authority, which they promised in 2003 to deal with the whole financial situation, that there is one law for the banking sector and another law for the insurance sector. Why could we not have had it amalgamated on the recommendations of that White Paper? May I read from it?

“Regulatory and Supervisory Systems: The regulatory and supervisory systems for the various segments of the financial sector should be upgraded to provide for the integrated regulation of the sector.”

Had that been done, we would not have been in the position in which we are today and the people of Trinidad and Tobago would not be suffering what they are suffering today—the fear of losing their lifelong savings and deposits in insurance companies. This is what the White Paper said:

“In order to give effect to the integrated regulation and supervision of the financial sector, a single Regulatory Authority with the necessary powers and authority should be established. As the financial reforms are gradually introduced, it may be necessary, in the interim, to establish a Regulatory Council as a first step towards the establishment of the single Regulatory Authority.”

Mr. Speaker, I think it important that we make this point. When we say that the Government is incompetent, this is just one example of it. Why have they been so lackadaisical in their approach to this entire thing? We have had, in the

*Central Bank (Amdt.) Bill*  
[DR. GOPEESINGH]

*Monday, February 02, 2009*

last regime, four Ministers of Finance: the Prime Minister, Sen. The Hon. Conrad Enill, Minister Christine Sahadeo and Minister Kenneth Valley. They promised to bring a single regulatory authority since 2003.

Now we have two Ministers of Finance and the Prime Minister who supervises the financial working from Cabinet—he is the de facto Minister of Finance. There were four in the last Government and three in this time. There were seven Ministers of Finance, who, from 2003 said that they would bring a regulatory authority that would deal with all this and they have failed miserably after six years. Is it not a damning condemnation on this and previous governments?

**7.15 p.m.**

Here it is today that they want to rush you through a weekend. I am sorry to say I have not received, even today, from Parliament, these Bills that were supposed to have been discussed; not even a telephone call to my cell number to tell me that they are at my home. I do not have to be at home. I am a medical doctor; I am in my private practice. *[Interruption]* No, wait, I have to be in the nursing home doing surgeries and taking care of patients. Why not a call? I did not get an email on the issue of—. This is—*[Interruption]*

**Mr. Speaker:** You have raised an issue of which I can assure you would be investigated by me and I will talk to you.

**Dr. T. Gopeesingh:** Thank you very much. I have been treated with contempt and discourtesy, not by anybody in particular, but the system is wrong. Why should we be rushed? Up to Saturday lunch time, when we met as a parliamentary caucus, Members were just getting the Bills. Saturday night they sent a telephone—I have been in Parliament in the other place and this place for a few years, but some of my colleagues have been here for 25 years and 26 years, the Leader of the Opposition has been here for over 30 years, and I am sure that they would tell you that this is the first time they are getting amendments to a Bill via email at 12 midnight. What has this Parliament come to? This Government had six years to deal with the whole financial situation in Trinidad and Tobago and they want to rush this Bill in two days, in 12 hours. People's money is at stake; millions and millions of dollars in deposits and people's lives are at stake. Do you know what people do when they do not have their money? They commit suicide. The blood of the people in this country will be on your hands as a Government.

People in Caroni are suffering because a lot of them have their money in Clico. The poor people put their money in Clico because they were promised higher interest—not just Caroni.

Mr. Speaker, they promised a whole heap of implementation schedule of activities in the financial sector. They said, for the pension industry, that they would develop prudential criteria for the management of pension funds in December 2004; establish the integrated regulatory framework in December 2005; capital market; credit union sector; draft rules for merchants and acquisitions by December 2004; upgrade legislation governing credit unions by October 2005; and all these areas. Not one of these things has been done. The White Paper reform on finance has gone to naught.

Today we found a very strange type of behaviour from the Member for Diego Martin North/East. We saw him come in a nice placatory attitude, placating the Opposition, no set of malodorous verbiage, nothing about illiteracy, functional illiteracy and arrant nonsense. It was a peaceful person this afternoon. [*Interruption*] I will certainly give way since you are in that mood.

**Mr. Imbert:** Which persona do you prefer?

**Dr. T. Gopeesingh:** I have worked with the same Member for Diego Martin North/East in a number of committees across there. He is a different individual. I must give him his kudos. He is a very competent person when he goes into those committee rooms and he is well supported by us from the Opposition. We respect his competence in carrying out these committees. But when you come here in Parliament and you behave the way that you behave.

Do remember at one time—[*Interruption*]

**Mr. Speaker:** It is not always that I come to the defence of a Member on either side. I think what you are speaking of is the Eighth Parliament. We are in the Ninth Parliament now.

**Dr. T. Gopeesingh:** Okay, I think he has gotten the message. We hope to see a transformation in his behavioural pattern that is not symptomatic of anything else. I feel that the hon. Minister is a little uneasy with his present attitude, which is good for today and which we warmly welcome. I hope I can transfer that same type of behavioural feeling for my colleague for Chaguanas East, who is generally a nice person as well. Why do we have to go down to the type of behaviour that we see from time to time?

This Government has, therefore, recognized that there is a crisis, but this Government must be blamed for the delay in dealing with the situation and the legislation. They must be blamed for the failure of the HCU. They must be blamed for the people who are not getting their money from the deposits in the Hindu

*Central Bank (Amdt.) Bill*  
[DR. GOPEESINGH]

*Monday, February 02, 2009*

Credit Union. They must be blamed for the small people of this country suffering as a result of not having their money. This is a government which has not been listening and continues not to listen. You must come clean with the whole issue.

My predecessors in this debate have indicated that there is a lot of information that we need to have. What is the value of the money that is needed to plug this entire issue? Where are you going to get it from? On what basis are you coming to that conclusion? Was there an asset evaluation done? Was it done by a consultant? Who did the evaluation? All these questions have to be asked. We are not comfortable with this superficial analysis and evaluation of the present and existing circumstances. It is a damning indictment on the stewardship of this Government for them to come to ask us to support something in such a rush.

I want to go on to the whole question of Clico's statutory reserve fund. One of the issues that were brought in here was that Clico's statutory deposits were not in keeping with what is required. That is the first thing and this is one of difficulties. Mr. Speaker, who is responsible for that? I want to quote from a report on insurance and pensions by the Central Bank for the year ended December 31, 2005. On page 21 of this report it says:

“Statutory funds

3.08...

‘Every company carrying on long-term insurance business in Trinidad and Tobago’—like Clico—“shall place in trust in Trinidad and Tobago assets equal to its liability and contingency reserves with respect to its Trinidad and Tobago policyholders as established by the balance sheet of the Company as at the end of its last financial year.”

Here it is the Central Bank in its own book is saying what the statutory fund is supposed to be doing. Who is responsible for this? Is the Central Bank supposed to be looking to see what statutory deficits there are on a regular basis? This was not done by the Central Bank. This was not done by the Supervisor of Insurance and, therefore who is to be blamed? What was the line Minister of Finance doing when they said that Clico did not meet the statutory requirements?

Under the law, the Central Bank has the authority to check to see what the statutory reserve is. Even if the Minister tries to come and say that insurance cut by banks will report on statutory reserves every quarter and insurance companies can report on it every year, you mean to say there is a big difference in what happened in 2007 and 2008? It was so vast that you had to go and take over

Clico? What was the Supervisor of Insurance of the bank doing? What was the Central Bank doing? Was he or she not aware that there was a statutory deficit in the requirements that Clico was supposed to have put in?

The laws of Trinidad and Tobago also say so. Volume 28, Chaps. 83 and 84:01 of 2006 at section 37 says that under statutory funds:

“Every company registered under the Act to carry on long-term insurance business or motor vehicle insurance business, or both, shall establish and maintain a statutory fund in respect of each such class of business.”

It goes on to say that the statutory fund shall be established on date so and so and. The fund referred to in subsection (1) shall be established and maintained.

Subclause (4) states that:

“Every company carrying on long-term insurance business in Trinidad and Tobago shall place in trust in Trinidad and Tobago assets equal to its liability and contingency reserves with respect to its Trinidad and Tobago policyholders as established by the balance sheet of the company as at the end of its last financial year.”

Mr. Speaker, it is written in the laws of Trinidad and Tobago related to the Insurance Act, Chap. 84:01. Central Bank must know the laws. The Minister of Finance must know the laws and if there are certain statutory requirements for statutory reserves and if they found that there was a deficit by Clico, when did they find out that there was a deficit? It must have been four years ago. They are now awakened to the whole reality of it.

We say on this side that the Government is an incompetent Government; they really do not know what they are about. We feel sorry for them having to try to get our support on such an important thing like this, to rush it in a day or two. This is why my colleagues have been—*[Interruption]* We said at the end of this—Listen to what our colleague, former Minister Dr. Keith Rowley said as well. We have asked certain questions. We want to see certain things put in place. We want to have answers to the questions we are asking and it is only then we will be able to determine. All my colleagues have been saying that we support the shareholders and depositors. We want to make sure they are taken care of. We want to make sure that they do not lose their money.

Look at the insurance industry and the role of the Central Bank in the insurance industry and the role of the Central Bank in monitoring of the insurance industry. I think many of my colleagues on the other side will be shocked when

*Central Bank (Amdt.) Bill*  
[DR. GOPEESINGH]

Monday, February 02, 2009

they know what Central Bank has been doing, as far as monitoring and evaluating. The blame must not be put. I would not put all the blame on the Minister of Finance. Put the blame on the Governor of the Central Bank and the Supervisor of Insurance as well. When we asked you all the last time, hon. Member for Diego Martin North/East: What penalties can we ascribe to the Supervisor of Insurance who fails to do his duty? You said that we will deal with that subsequently. “We cannot deal with that now, but legislation will come.” Nothing has been done.

I want to quote my colleagues from the Central Bank of Trinidad and Tobago Annual Report 2007. Listen to this carefully and see what the Central Bank has been doing.

[MADAM DEPUTY SPEAKER *in the Chair*]

I have a tremendous amount of respect for the Governor. I have a tremendous amount of respect for the competence and ability of the Supervisor of Insurance, but the question is: Were they doing their work? Was Central Bank doing its work? On page 10 of the *Central Bank’s Annual Report of 2007*, under the heading:

“Financial System Surveillance”

They are surveying the financial sector. It states:

“Supervision of Licensed Financial Institutions and Pension Plans

Thirty-one on-site examinations were completed in the year”—only 31—“ten licensed financial institutions, sixteen insurance companies and five pension plans. The examinations focussed on assessing the effectiveness of corporate governance and control frameworks across the financial institutions.”

In the 2007 report, Central Bank investigated only 31 financial institutions.

**7.30 p.m.**

You know how many financial institutions there are in Trinidad and Tobago? You have the Central Bank, seven commercial banks, 10 finance companies and merchant banks, five trust and mortgage finance companies, two development banks—I do not want to bring in credit unions because that come under a separate Act, 390 credit unions—and 47 insurance companies. In total, in just those that I have read, 71 financial institutions.

The analysis in 2007, only 10 licenced financial institutions were looked into. So, Member for Diego Martin North/East, I am sure you will agree with me that

when you had this press conference and everybody was placatory, congratulating each other, and saying, what a good job they did in this whole thing, to bring it to the people and the people congratulated them. It was a shameful and disgraceful act by a number of people involved.

Congratulating what is a failure you have been as a Central Bank? It is a massive failure. Seventy-one institutions and you could only look at 31, what has happened to the other 40? Is it strange then therefore, that a bank will fall through or an insurance company will fall through.

This report on insurance and pensions has a way that they can be dealt with very easily. So, why in 2007, the Central Bank gives a report that they were only able to deal with 31? What happened to the other 40 that they have not been dealt with? They must fall through the crack. So, what about all these other insurances?

The structure of the insurance industry and the types of business in the insurance industry is long term; you have motor and property and so on. These are some of the issues that I wanted to raise.

How much money is involved in the insurance industry? As far as the premium income is concerned—I am just quoting from 2005—Clico had a premium income of—I heard the hon. Minister say more than 50 per cent, and the Prime Minister said more than 53 per cent. In fact, what I researched here in 2005, the premium income from Clico was \$3.04 billion out of \$3.752 billion; so it is more than 53 per cent. Other insurance companies: Tatil had \$66 million; British American, \$169 million; Algico, \$104 million; Sagicor, \$240 million.

So, these were 35 companies that were listed there. If a particular company like Clico has more than 50 per cent, or 53 per cent or 55 per cent of the premium incomes, is it not mandatory that the Central Bank should go to the largest company first, and do the investigations, do the analysis and satisfy itself that they are taking care of the most important company for the time being. Then they go to the smaller companies like Tatil, British American, Algico and Sagicor, which all four of them together is about \$500 million, and they are the largest of it.

Then they come to make the excuse that it is only recently that they have come to find out the information on Clico. They should have been doing this all along. Here is a company of a premium of almost \$3 billion, out of \$3.7 billion, and yet still you are leaving it for last. Where have you gone in your inspection, analysis, valuation and supervision, as far as this insurance is concerned?

You know how many people are involved in this whole situation now nationally? We have over 505,000 insurance policies in Trinidad and Tobago,

*Central Bank (Amdt.) Bill*  
[DR. GOPEESINGH]

*Monday, February 02, 2009*

and the insurance industry, the premiums for long term life is \$4.097 billion; motor vehicle premium is \$588 million, and property premium is \$613 million. There are almost 63,000 new policies per year.

If Clico has about 55 per cent, Clico would obviously have more than 250,000 insurance policies. Therefore, what is the work and the requirement of the Central Bank and the Minister of Finance? To supervise, to work with the Central Bank, to make sure that things are going correct? There is no work done, nothing. You see how many people are affected. The statutory funds in which investments are pledged to support policyholder liabilities; that is the amount that you have to match with the assets and the liabilities, and what is required for the statutory reserve for these insurance companies, total \$17.2 billion. I am quoting 2005 figures.

If Clico is supposed to provide 50 per cent of the statutory reserve and the total amount is \$17.2 billion; 50 per cent of \$17.2 billion is \$8.6 billion. So, if they were in deficit of \$8.6 billion for the statutory reserve requirement, why is it necessary then to have to sell or to get the assets of Methanol Holding. I understand the Clico share in Methanol Holding is about \$8.8 billion, at the moment. Then Clico has 56 per cent shares in Republic Bank and that is 88 million shares, at \$86 per share, works out to approximately \$8 billion.

Why do you need \$8.1 billion from Methanol and \$8 billion from Republic Bank shares—\$16 billion—to satisfy a statutory reserve requirement of \$8 billion, and when we are asking you for answers, these are the answers that we need. We need the financial analysis and the data for you to tell us why you want this amount of money.

The \$17.2 billion is the statutory requirement from only 20 companies, they were quoting from—the larger companies. I think I have made my point that when my colleagues and the Leader of the Opposition have asked today that we need more data for us to make an informed decision as how do we support this issue, it is important that we have this.

We would hear about pension funds as well. We heard about the banks having the problem; the insurance companies having the problem, and pretty shortly we might hear about the pension funds.

In Trinidad and Tobago there are 91 self-administered pension funds. That is a 2005 figure. The insured pension fund plans are 109, and pension plans to be wound up at 55, and there was one pension fund that was ongoing judicial

management—256 pension funds. We have spoken already on this issue of what is happening to people's pensions and annuities.

I know you have tried to say today that this Bill must incorporate the issue in it as well. Now you are trying to protect the people with annuities. That is very noble, but there are a number of pension funds that are going astray, that are not being taken care of by companies. You saw recently TSTT, the court after seven or eight years just settled a pension fund for the previous Telco workers. After eight years they were in a pension fund, and after eight years they now settled the pension fund with TSTT. There are 256 pension funds.

So, my colleagues on the other side, today we are coming to deal with insurance companies, and tomorrow we might be coming to deal with the pension funds and you might rush us in the wee hours of the morning to deal with this pension fund issue. I thought I would raise that issue to bring some enlightenment to my colleagues on the other side and to shed some light on the situation as to what is happening.

The assets of self-administered pension funds in Trinidad, you know what it is at the moment? The assets of self-administered pension funds is about \$22 billion. On a yearly basis, employers contribute to about \$250 million, and the employees contribute to about \$140 million yearly. So, the pension fund as at the 2005 figure, that is the last one I could have obtained, was sitting at \$22 billion.

Here it is we have people who have deposits in Clico; people who have pension funds with Clico; people with annuities with Clico and with other companies throughout Trinidad and Tobago, and all of them may be in danger at some time or the other. The Government said they want the 56 per cent assets of Republic Bank.

Hear what the Prime Minister said this afternoon. We firmly believe that this is another opportunity for this PNM administration to put in their boys who they want to come and manage Republic Bank. We know who you all are asking to come and take over the entire portfolio of Clico. We would not call any names now; we know it is a person who has been in the banking sector and the banking industry at a very high level. We know who have caused all these problems in Clico. A man who really wants to take over the financial sector of that branch of Clico. [*Desk thumping*] We know who has caused all the trouble. One of my colleagues, our Member for Diego Martin West, indicated in no uncertain way, his fears about what is happening there.

*Central Bank (Amdt.) Bill*  
[DR. GOPEESINGH]

*Monday, February 02, 2009*

Here it is you want to take Clico's money, the assets and so on; give it to NIB. NIB has over \$17 billion in assets and NIB is governed by Mr. Calder Hart, as the chairman or whatever; he is with UDeCott; he is with Trinidad and Tobago Home Mortgage Finance; he is with Nipdec, and here he is going to be with Republic Bank.

So, you want to put your boys, and my colleague dealt with that enough already and I am not going to deal with it. What is surprising is what the Prime Minister said; I am sure every one of you is worried about your savings, when we raised the issue of personal bank accounts in Republic Bank.

You remember, Madam Deputy Speaker, when the information was relayed from First Citizens Bank about Carlos John and how much money he had in whatever account? That was a national bank. Where was the confidentiality? What is going to happen to the confidentiality of depositors and the people who have invested with Republic Bank? PNM with one fell swoop, in a few days will get to know everything about every one of us who has deposits or whatever in Republic Bank. What are they going to use that for? They are going to use it to hound you for political assassination, so that they could get at you for whatever they see. [*Desk thumping*]

And that is why they want to get hold of Republic Bank as well.

**7.45 p.m.**

That is one of the reasons why they want to get hold of the funding, so that they can use it and the Prime Minister said nothing is wrong with that. What is wrong with that? That is an admission by the Prime Minister that he wants to get his hands on people's personal and private business and accounts in some of these banks as what happened with First Citizens Bank (FCB). Do you know what is even worse? Both Central Bank—tell me if I am wrong—and First Citizens Holding Company have been removed from the Freedom of Information Act.

**Mr. S. Panday:** What?

**Dr. T. Gopeesingh:** Is that not so? Both First Citizens Bank and the Central Bank have been removed from the Freedom of Information Act, so pretty shortly, they will come and tell you that Republic Bank is also removed from the Freedom of Information Act. So you cannot get information of FCB and you are doing everything with Central Bank for the public not to get information on how it is run and what is happening, but you want to put everything with FCB and remove Republic Bank into FCB and NIB. That is wrong, Madam Deputy Speaker.

**Mr. Ramnath:** All they want to know is your business.

**Dr. T. Gopeesingh:** They want to know your business. The last point is the question of National Gas Company removing the money from Clico Investment Bank (CIB). The former Minister of Finance indicated that National Gas Company had put in deposits from time to time, and therefore, these deposits were maturing from time to time and they were having difficulties in collecting money that was supposed to be for PAYE from CIB. Obviously that was going on for a long period of time. But the question we want to ask on this side, why all of a sudden US \$120 million was removed by the National Gas Company from CIB?

**Mr. Imbert:** [*Inaudible*]

**Dr. T. Gopeesingh:** Yes, the newspapers had it. One hundred and twenty million dollars US—Camini Marajh of Sunday's article—was removed by National Gas Company from Clico Investment Bank. Was that a deliberate run [*Desk thumping*] on CIB to fold up Clico? All of a sudden—here it is, they were finding difficulty in getting the money to pay PAYE and they did not make any noise about it—in one day they wanted to get approximately \$720 million. So banks like CIB, whether they have big assets or so, which bank could withstand that? There was a private depositor who, when he heard about that, went and removed \$200 million as well. So there was a run within three days—I cannot call the name of the private depositor—approximately \$920 million was removed from CIB, and that is the cause of the problems today.

**Hon. Member:** It crashed.

**Dr. T. Gopeesingh:** That is the cause of the crash, and we want to know who instructed NGC to take out their money as fast as that?

**Mr. Ramnath:** The Minister of Finance, she took out hers too.

**Dr. T. Gopeesingh:** Why did they instruct—because they wanted to fold up Clico and get their hands on Lawrence Duprey as the Leader of the Opposition said. Once Lawrence Duprey went into that court and gave evidence for Basdeo Panday, Prime Minister Manning marked him, "I will get at you", and that is the reason they want to get at Clico. You saw it here this evening.

The Prime Minister said, "What is wrong with that, we want to get the information." He will go into Clico whatever time we decide on this, lock down all the information on Clico and tell the boys "Look, I want to search. I want to search for this and that", and then each one of us, all of the political opponents of the PNM, "crapaud smoke your pipe".

**Mr. Imbert:** Wants to become Executive President.

**Dr. T. Gopeesingh:** So, here it is, we are asking whether instructions were given to NGC to make a big withdrawal so that the CIB will not be able to deal with that run, and therefore, Clico will have to fold. As Clico folds, the Prime Minister wants to get his hands on all the accounts so he can do his dirty political work.

**Mr. Ramnath:** Brilliant point there.

**Dr. T. Gopeesingh:** Madam Deputy Speaker, on that point, I want to close my contribution and echo the sentiments—*[Interruption]*

#### PROCEDURAL MOTION

**The Minister of Works and Transport (Hon. Colm Imbert):** Madam Deputy Speaker, I wish to move a procedural motion in accordance with Standing Order 10(1) that the House continues to sit until the completion of the two Bills.

*Question put and agreed to.*

#### CENTRAL BANK (AMDT.) BILL

**Dr. T. Gopeesingh:** Thank you, Madam Deputy Speaker. So, when the Governor of the Central Bank met with the Minister of Finance in a press conference to the nation and said that there was inadequate risk management systems by Clico; there was lapsed regulations of the financial institutions; there was a disparity in terms of the statutory reserve requirement that was required; there was some discrepancy in that they were not able to meet their requirements and that Clico engaged in giving higher interest rates where there was much risk into the people who deposited the money for these higher interest rates and there was a wide spread.

They made all sorts of excuses on this and blamed that as part of the reason why they have to fold Clico. But everybody knows it is as a result of this Government not bringing the legislation properly in a timely manner; it is as a result of Central Bank not doing its work and the Minister of Finance not doing his or her work. So, it is unbearable for us to be rushed into making a decision as we have been asked to today, without knowing the true facts and circumstances and only have to extrapolate from little things that are said here and there.

Thank you very much. *[Desk thumping]*

**Mr. Jack Warner** (*Chaguanas West*): Thank you, Madam Deputy Speaker. Let me say at the outset, that I have no intention of talking about the regulations, what has been broken and what has not been broken. For me, that has been ventilated in this august Chamber for quite some time by many of us.

Madam Deputy Speaker, I want to take a different slant in this whole matter and I want to take a slant possibly having been influenced by the speech from my colleague, the Member for Diego Martin West, [*Desk thumping*] because if ever a speech needs to be recorded and sent to all schools, universities and institutions in this country, it is the contribution made by the Member for Diego Martin West. [*Desk thumping*] Therefore, I am not concerned about regulations anymore. We have known that they have been broken, they have not been followed. That is not an issue. My concern is about the bipartisan approach that we should adopt in this House in matters of such grave national importance.

There is a kind of joke in the society—Trinidad and Tobago—my friends will tell me, "Jack Warner, there are only two successful black men in this country"—jokingly of course—"Mr. Lawrence Duprey and you".

**Hon. Member:** Bob Yorke.

**Mr. J. Warner:** I am telling you what they told me. They did not say Bob Yorke; they said Lawrence Duprey and you. And of course, from time to time I would "big up" myself and feel good because to walk in Lawrence Duprey's shadow for me, was something one would aspire to. After all, he was the epitome of success and from all indices, it seems that Lawrence Duprey will be no more. I feel very lonely indeed [*Laughter*] because there is a saying, "When your neighbour house is on fire, wet yours." And therefore, in this kind of demonstration by an uncaring Government, I am very concerned indeed.

Madam Deputy Speaker, when I listened to the Member for Diego Martin West, for whom I hold no brief because I have been here from time to time when he went after us rightly or wrongly, but today, I tell you, I cherish every word he said. One of the things he said was that the issue with CL Financial is too serious for us to make a joke about, to "pappy show", not to be serious and he asked for us to look at the issue, I repeat, with a bipartisan approach. I go further and say, in some quarters I know the word "change" is a bad thing, but I will continue to say the word "change" and I will continue to fight for it till the end. I repeat, without change, we dead and that is why in many ways, I was happy to see the way President Obama formed his Cabinet. [*Interruption*] Why do you not learn something? You do not even know why capitalists had slavery.

*Central Bank (Amdt.) Bill*  
[MR. WARNER]

*Monday, February 02, 2009*

President Obama called all the great minds together to deal with the grave issues which the United States of America is experiencing. One of his biggest rivals, Hilary Clinton, was today confirmed as Secretary of State. He took many top advisors who worked for her husband to work for him, to help him build the United States of America. Do you know why? Because he knew that his friends and his colleagues alone did not know everything, and therefore, he wanted to make sure that to save the United States, the United States could only be saved based on the collective efforts of everyone. That is President Obama.

In fact, if we thought that was a mistake, yesterday he was looking at the Super Bowl in his home. He called both Democrats and Republicans together to watch the Super Bowl together. There was one absentee, Mc Cain, but you could understand that. This is a demonstration of somebody who wants to save his country based on the collective efforts of all, and he does not believe that he and his friends alone have a reservoir of knowledge as happens here in this House.

My friends on the other side believe they alone have all the answers. They invented the term "Ministry"—[*Interruption*] I am coming to you just now. They believe so and that is why when I heard the Member for Diego Martin West talking about a joint committee working together to come up with ideas— He is saying to us that we should discuss it and come back here. My colleagues here asked this evening, why have the Prime Minister and the Leader of the Opposition not spoken before?

**8.00 p.m.**

My colleagues here said tonight that the Prime Minister and the Leader of the Opposition should have spoken before, discussed the matter, come up with some ideas and appointed a bipartisan committee from both sides. Let us knock it together and see what is the best option, the best solution for the country; not for the PNM, but for the country. That is the demonstration I hope, before I go to my grave and see my maker, I would see in this Chamber; but I live in despair as far as that is concerned.

Madam Deputy Speaker, do not believe that this behaviour is only confined to the US. In Jamaica, the Prime Minister was watching Bolt run in the Olympics. What did he do? He called both sides together. He said, "Allyuh come, let us watch Bolt run in the Olympics." In Jamaica, the Prime Minister, the Government

and the Opposition were in the Prime Minister's home, with some beverage, watching Bolt run in the Olympics. That could never happen here in this dispensation; not with these guys. Do you know why?

**Hon. Member:** But you went to the Prime Minister's house.

**Mr. J. Warner:** That was an aberration.

Do you know why? There is a belief here that all the brains in the country, all the ideas, everything of course, could only come from one side.

My colleague asked me just now, when he saw the Member for Diego Martin North/East, every five minutes, running to the advisors on the other side to get ideas, "You think we could run to them too for ideas, because they are supposed to work for all of us?" I said, "Try it nuh and get the wrong ideas." I said, "They do not mad talk to you." They would not even talk to him if he goes there to ask them for ideas. Do you know why? As far as they are concerned, this country must be run by them and we; never by us, and the problem that we face with CL is a problem that needs us.

Madam Deputy Speaker, I heard the Prime Minister and the Member for Diego Martin North/East say that they did not help the Hindu Credit Union because it had no assets; I cringed. Let me make this first point: I represent Chaguanas West. Chaguanas West is the home of the Hindu Credit Union; many of my constituents, a vast majority of them, have money in that credit union; money that, of course, up to now has been lost. So I have a real concern about their money; so to tell me that the union has no assets, I cringed, because the biggest assets of the union are its people, the depositors. [*Desk thumping*] What more assets do you want? [*Interruption*]

**Mr. Imbert:** Nonsense!

**Hon. Member:** "I thought yuh change."

**Mr. J. Warner:** Nonsense? I would not dignify that response. [*Crosstalk*]

What more assets could you have than depositors whose money they have put in there and who, of course, need some hope, some solace? [*Crosstalk*] They need help. Do not tell me that because the man from the Hindu Credit Union has, let us say, \$5 as a depositor, and the man in CL has \$5 million, that the CL man is more important. I will tell you why he is not. The \$5 of the HCU depositor has the same meaning and value as the \$5 million for the guy in CL; no big difference. It is 100 per cent of his money.

*Central Bank (Amdt.) Bill*  
[MR. WARNER]

*Monday, February 02, 2009*

That is why I listened to the Member for Diego Martin West talking with pain about one man who had five salaries and about five men who could not get one salary. When he said that this one man with five salaries sat and gave a three-week old company a contract for \$368 million, and the Minister of Health could not give a child who was dying more than US \$10,000, I cried. A child was dying; one trip overseas, and the Minister of Health could not give more than US \$10,000, but a guy could sign to a three-week company—he does not know what “CH” means—a contract for \$368 million. He does not know what “CH” means at all; his fax comes up on the letterhead, but he does not know what “CH” means. These are things that are painful; those are the things that hurt.

As the Member for Diego Martin West said, the Hindu Credit Union was not asking for a grant; they were asking for a loan, and they could not get a loan; poor people, little people.

Madam Deputy Speaker, I ask the question: How did we really reach to this point? I have heard all explanations. I have heard about NGC and the run on NGC, for which there is validity and merit. I have heard about NEDCO and Nipdec, but I will tell you that outside there in the public domain, there is this belief that over the last three months, and as late as two weeks ago, these three companies withdrew from CL Financial over \$1.2 billion.

**Mr. S. Panday:** True!

**Mr. J. Warner:** I am advised that is correct. [*Crosstalk*]

**Mr. S. Panday:** They caused the run!

**Mr. J. Warner:** The run was deliberate; it was contrived. The last speaker, my colleague, said that was a means of getting at Duprey. Well, okay, you got at Duprey, but in doing so, I want to say tonight, you also got at Trinidad and Tobago. I am advised that CL Financial had money in Europe which they were to access to pay their creditors, but this, of course, would have taken three weeks. I am advised that CL Financial tried to trade its government bonds, but the government did not want to trade the bonds, some \$10 billion worth, so, of course CL fell.

Madam Deputy Speaker, all of us on this side kept asking speaker after speaker, "What is the reason for the obscene haste?" What are the reasons for the obscene haste to get this Bill passed today? A Bill that I saw at 3 o'clock this morning, thanks to my colleague from Caroni Central. And I must come here

today to represent my constituents, with whom I have not even spoken about the Bill, I have not even discussed it with my executive committee, a Bill that impacts on their lives? Why the haste? I tell you, there is merit in what was said by the last speaker about the haste. Why is there no public consultation, at any level, on these two important pieces of legislation?

You heard this afternoon that for years experts have been asking for regulatory control; there has been none; it fell on deaf ears. The Government kept saying, again and again, that Trinidad and Tobago was safe. All over the world we have negative impacts on economies, except in Trinidad and Tobago; it is safe. The Member for Oropouche East gave us a commentary on countries worldwide, from Iceland, to Japan and Korea, to show the economies in shamble; and the Minister of Finance, in her glass slippers, said that we had nothing to fear, nothing to worry about, Cinderella.

As I speak to you now, there is a need for amendments to legislation for credit unions; there is need for this. I ask you tonight, "Where are the amendments?" Are we going to wait until the credit unions crash before bringing the new Bill to Parliament? This response we have tonight is a knee jerk reaction, based on the rise and fall of CL Financial. It shows a lack of planning by the Government. This has been adumbrated at length by my colleagues; I will not go into that; lack of planning; a government that does not plan ahead, but waits for crises to occur before contemplating new laws. The last speaker was clear that you have to have a crisis first; "vaps"; government by "vaps"; knee-jerk reaction, before something happens.

For one year I have been asking this House, calling for a proper legislative agenda. I have said that if you cannot give us an agenda for the year, give us for six months; if you cannot give us for six months, give us for weeks; if you cannot give us for six weeks, give us for a fortnight. We do not know what we will be talking about next week. We cannot tell you today, Monday, what we will be talking about Friday. Any country could run properly that way? 2020? Something has to be wrong; that is why we are where we are, because we working "vaps". I sent examples of Australia, the United Kingdom (UK), Guyana and so on; it means nothing; nobody is insulted, that is the sad part. That is why we are here.

Some people feel that this whole thing with CL has been used as a means of distraction; that is being said outside in the streets; they say so. They say that this has been used to take away the pressure which the Government faced from the UDeCott enquiry. The Government was on its knees last week. "But doh worry,

*Central Bank (Amdt.) Bill*  
[MR. WARNER]

*Monday, February 02, 2009*

dey could run, but dey cyar hide." They were on their knees last week. The Prime Minister said this morning, "The Lord is with me." I want to tell the Prime Minister, that the Lord only helps those who help themselves, and the Prime Minister has refused to help himself.

So they said that this was to hide UDeCott. As I say UDeCott, Madam Deputy Speaker, I was in Nigeria last week. I spent two weeks in Nigeria. I used to give them fatigue in Nigeria and call them the most corrupt country in the world. Last week they were calling me; last week my colleagues in Nigeria were calling me and asking me who was Calder Hart; I said, "Not me."

Tomorrow morning I go to Switzerland; I have to hide from my friends. Do you know why? Because I am ashamed, because people feel that Calder Hart is synonymous with Trinidad and Tobago; corruption. This CL issue has put this on the back burner; so this week is only CL Financial, not UDeCott. Therefore, people are asking if this could be a means of distraction. Of course, is it used as a means for the Government to distract from its vindictive investigation into the Housing Development Corporation (HDC) by some forensic expert? Is it being used for us to forget the 50 murders or so which took place last month, which the Minister of National Security said would never happen again; one month, 50 murders. That is in the background, because all we are talking about is CL Financial, therefore, the belief is that this is being used as a means of distraction.

My colleagues have asked what we are going to vote on. Madam Deputy Speaker, what is the bail out package, we are asking? We know the bail out package for the US. We know the bail out package for China. We know the bail out package for Japan; for India; for England, but we do not know the package for CL. [*Crosstalk*]

### **8.15 p.m.**

Madam Deputy Speaker, do you know what is sad? They do not know either. The Prime Minister said \$7 billion to \$8 billion and counting. What insult is that? What indignity is that in a Parliament? And you are asking us to give support to a Bill and do not know what the bail out is, give you a blank cheque. Not even a parlour is run in this way.

I ask the question, with this bail out are we going to see some cutbacks in some mega projects because as my colleague asked: Where is the money coming from? The Brian Lara Stadium costs \$700 million and it is rising.

Madam Deputy Speaker, let us use this demise of CL Financial as a catalyst for change, let us use this to change the way we do things; let us use this to

breathe a new spirit in this country, let us use this demise to restructure the country, to give it a new ethos, a reason for living. If we do that, then something would have been gained from this experience.

We should not put one more nail in the Brian Lara Stadium, but find the means to convert the project into something we can use whether it is a secondary school and take off Brian Lara's name and call it either "Manning's Shame" or "Calder Hart Legacy", not Brian Lara Stadium.

Madam Deputy Speaker, let us stop the Performing Arts Centre, make savings and show the country that we have a new spirit, so to speak. When the Minister of Finance says business as usual, there is no cause to worry, that we are insulated and so forth, people believe they do not have to tighten their belt.

**Mr. Ramnath:** She withdrew her money.

**Mr. J. Warner:** Easy. A Minister says he tightened his belt by having no Christmas party. He had no Christmas party, so he tightened his belt; another one said he tightened his belt because before he goes home, he makes sure the lights in his office are off. [*Interruption*]

**Mr. Imbert:** That is make-up story.

**Mr. J. Warner:** Make-up stories? One Minister said he had no Christmas party, therefore he tightened his belt. They said so. The fact is, that is belt tightening.

Madam Deputy Speaker, belt tightening is when you sit and reduce your Cabinet by half; half of them are of no value. In fact, this is a country of 1.5 million people and we have 23 Members in Cabinet. The US population, 301,000,000 and the Cabinet comprises the President, the Vice-President and 15 members; the United Kingdom has 60.7 million persons, the Cabinet, 23 persons; Japan, 127,000,000 people, Cabinet, 21 persons. You want to tighten your belt, cut your Cabinet in half.

We have a Ministry of Education and one of Tertiary Education. Why could you not have a Ministry of Education covering everything? Why my colleague, the Member for Tunapuna, cannot be the Minister of Education which covers tertiary as well? No, it is job for the boys, and the fact is that almost all of them are bad. If I were a Prime Minister, the Minister of Tourism has to be a Tobagonian based in Tobago. What are you doing in Trinidad?

Madam Deputy Speaker, do you know why I am talking about the waste? It is because if we have to lead by example we must lead from the top. Take the last

*Central Bank (Amdt.) Bill*  
[MR. WARNER]

*Monday, February 02, 2009*

term when you were the Minister of Public Utilities and the Environment; of course, you were one of the best. [*Desk thumping*]

**Mr. S. Panday:** Yes, the best.

**Mr. J. Warner:** This is a Government where the best is always outside, like you and the Member for Diego Martin West.

Madam Deputy Speaker, when you were the Minister of Public Utilities and the Environment—I did some research—and you had to see about public utilities, today one person has it, the Member for Chaguanas East; you had environment, today housing has it; you alone had a piece of agriculture; a piece of works and a piece of local government; now each piece has a Minister.

We have to cut back on these expenses and, therefore, take the CL Financial experience and let us tighten our belt. Why the Ministry of Foreign Affairs and the Ministry of Trade and Industry cannot be one? No, you have to give Lenny Saith something. I do not understand how we could of course waste so much at the top and do not believe that we have to pay a price for it tomorrow.

I ask you all; where is all this money coming from? At some point in time as a little boy, there was a sign on the standpipe that said: “Waste not, want not.” I used to go with a pitch oil pan for water and it had that sign. I want to put on the Treasury the sign: “Waste not, want not because the day of reckoning will come when we will have to pay for all these excesses.”

I have not touched my friend, from the Ministry of Public Administration, but he knows that is also a ministry that can be dispensed with. Nothing has been done for the last eight years.

**Hon. Member:** Wade Mark was the Minister of Public Administration.

**Mr. Ramnath:** What about the Minister of Sport and Youth Affairs?

**Mr. J. Warner:** “No, ah leaving sports, ah get a cheque from him this morning for \$6 million so ah leaving sports.”

**Hon. Member:** “Leave Parsanlal, doh interfere with Parsanlal.”

**Mr. J. Warner:** “Parsanlal is meh partner, meh colleague.”

Madam Deputy Speaker, I want to make two quick points before I sit. I want to say tonight that the demise of CL Financial is not the consummation of the problems in this country’s financial sector, in fact, it may be the commencement. I ask, are we prepared for other firms when they collapse? I ask what useful

lessons—and I am asking the Minister of Finance, you see I have not asked you about the money you withdrew, that is not my business yet. I am asking you what useful lessons have we learnt from CL Financial, that will help us to avoid the pitfalls of tomorrow?

I say again to you let us use the demise of CL Financial as a catalyst for change; let us embrace others; let us make sure that we get the best minds together. Do not believe that this whole matter is of winners take all, that all the ideas are on one side. I ask people in Chaguanas West and water, lights and box drains are alien to them. On Sunday morning I spoke with them and they said MP, we do not want any high-rise building, we will never travel in rapid rail, we do not want to go in the Performing Arts Centre. We want box drains, pavement and roads. That is what they are asking for, but once you are not in a PNM constituency “crapaud smoke yuh pipe”.

Let us change that, let us have a bipartisan approach to doing things. Of course we will differ, of course we will disagree but that does not say we are disagreeable. Therefore, I am saying to you that this issue of CL Financial is too serious, too critical, and too important to be treated in this cavalier fashion. I would like to beg the Minister of Finance, please do not tell the country that we are immune from the problems of the world, because we are not.

Tell the country to tighten their belt, let them understand that if they used to play a big mas’, play a small mas’ now; if they used to play a small mas’, play J’Ouvert, if they used to play J’Ouvert, then become a spectator. Let them change their attitude by telling them that hard times are coming.

Madam Deputy Speaker, do you know why I am angry? Because I thought that the Minister of Finance was one of the brighter Members in the Cabinet.

**Mr. Ramnath:** “She bright man, she withdraw she money; she smart.”

**Mr. J. Warner:** I did not say smarter, I said brighter.

**Mr. Maharaj SC:** “Give Jack he jacket.”

**Mr. J. Warner:** I knew her a long time through her husband, and I said this is a steal, and when the Minister came to the House and gave a budget with oil at \$70 a barrel I said Lord, something is wrong.

Madam Deputy Speaker, last week, I was talking to the acting President of Nigeria and I asked him at what price he based his budget for oil, and Nigeria which is the fifth largest producing country for oil in the world was based on oil at

*Central Bank (Amdt.) Bill*  
[MR. WARNER]

Monday, February 02, 2009

\$40 a barrel. [*Interruption*] When I was leaving he said they were going to meet the National Assembly to review the budget in the Assembly. [*Interruption*]

**Mr. Imbert:** That is not true.

**Mr. J. Warner:** That is not true, you were there? The budget in Nigeria was based on \$40 a barrel; when I was leaving they were meeting with the Assembly to go to \$30.

We, of course, would have to return here to change this—

**Mrs. Nunez-Tesheira:** Come with a new point, it is the same old point.

**Mr. J. Warner:** I am following your political leader, the same old point he made about the same old money. [*Interruption*]

Madam Deputy Speaker, you see how people behave when they have plenty money?

**8.30 p.m.**

So I will end by saying—[*Interruption*] You have plenty money now, talk; is all right. [*Laughter*]

**Mrs. Nunez-Tesheira:** Member for Chaguanas West, I expect better from you. Do not go down that road. Do not follow that bad example because they have no class.

**Mr. J. Warner:** Okay, I will take it back. I want to end by saying the person who tells you what you want to hear is not necessarily your friend, but the person who tells you the truth, that person is more a friend to you and you do not marginalize the guys who tell you what you do not want to hear. The guy who tells you what you do not want to hear, you do not, of course, put him in the Back Bench. [*Crosstalk*] [*Laughter*] I could only talk from personal experience and, therefore, the guys who disagree with you are not always your enemies. It is in this context, therefore, I want to say that I accept the advice from the Member for Diego Martin West and I urge my colleagues on the other side to take a bipartisan approach to settling this problem of CL Financial.

I thank you. [*Desk thumping*]

[MR. SPEAKER *in the Chair*]

**The Minister of Labour and Small and Micro Enterprise Development (Hon. Rennie Dumas):** Mr. Speaker, I think it is late and one may have been

tempted to foreswear this opportunity to speak, except that having heard the last speaker and the speaker immediately before, the argument that the Member for Chaguanas West would have been so happy to meet and treat with the Member for Diego Martin West's argument, could have been made believable and could have been followed, if they were to be believed.

If one comes to this debate with an argument that the HCL debacle is a distraction contrived by the PNM; it is a distraction contrived to lock up the Leader of the Opposition; is contrived to wreck CL Financial as a mechanism of vengeance for befriending the Leader of the Opposition, then we cannot believe that. That conspiracy theory has to come from Hutton or one of these gentlemen who make their living off twisting tales of Robert Ludlum, a great writer. Therefore, the call for change rings quite hollow. The call for a new spirit and a new ethos could have been believed if we were devoid of these conceptions and the spewing that came from the last speaker and the speaker immediately before him.

Because we know the traditions of the PNM and, therefore the speech of the Member for Diego Martin West was quite venerable, it is true, but certainly we cannot believe that the Member for Chaguanas West joins in it, because we listened to him for an hour and in his debate for an hour there was no opportunity for embracing those concepts. You may have repeated the words, but the attitude and the rest of the saying did not match what came from the Member for Diego Martin West.

The reality is it was totally incongruent with the viewpoints laid on the table. Because, you see, even as he started the speech and he was making the point about the compliments he had received being joined with Mr. Duprey, he could not help but denigrate Bob Yorke and we cannot take that. Tobago cannot take that.

**Mr. Warner:** And you denigrate Rowley?

**Hon. R. Dumas:** If you feel that you are a success story, then certainly Bob Yorke is a success story.

**Mr. Warner:** Dr. Rowley too?

**Hon. R. Dumas:** Well, yes. That is what I am saying. We could accept that this—

**Mr. Maharaj SC:** But why do you not support him?

**Hon. R. Dumas:** You want to ask when I do.

**Mr. Maharaj SC:** He says you must repudiate it.

**Hon. R. Dumas:** I repudiate the possibility of the Member for Chaguanas West or anybody else on that side joining with Dr. Rowley in his call, because basically what I heard this evening comes down to these three arguments: that this matter that we are facing today is one of distraction; that this matter is contrived to lock up the Leader of the Opposition; that this matter was designed by the PNM to wreck CL Financial. That is your argument. You cannot be serious. Because, you see, one of the things Dr. Rowley said was that this thing was serious; this thing was wide; it is deep and it mattered very well for us.

I want to take a little time and point out that what I heard smacks of a lack of self-belief. We do not believe in ourselves; we do not believe in this Parliament; we do not believe in the system by which we come here. Therefore, one could understand why we have some of the difficulties we have in coming to treat with this matter. There is a historical lesson that we learn in looking at the development of the economy of this country, that one of our better minds took the time to develop an argument that said to us that as a colony, as our country started, we fall into one of the groups that treats with the question of whether these colonies were designed as colonies of investment, colonies of settlement or colonies of exploitation.

Even as we strive to overcome this history and this Government places itself and its people—all our people—in a certain context for development and growth, we have this lack of self-belief. We have this capacity to laugh at ourselves. So we say 2020, developed country and we laugh at ourselves; it is not possible. We speak to our dealing with our problems and we do not believe because, you see, every country builds a set of relationships by which it governs itself, by which it treats with all the mechanisms that human beings put together for their survival and development. As we build that, we build a whole theory and a whole way of life for treating with our institutional relationships and somehow we just do not believe in ourselves.

We do not believe that we have something serious to deal with and the Government that we elect is going about dealing with it. Do you know one of the things that they say to us? That today we are treating with this matter; the Memorandum of Agreement means nothing because if you take the precepts that they bring to the conversation, they can mean nothing, because it means that there was really no agreement with Mr. Duprey; that this venerable gentleman was forced into this; that this is all a sham and, therefore, the mechanisms that we want to build for treating with the problems that we face, cannot be real.

That is not true, because we saw Mr. Duprey come before the country and he said what he had to say to the Government. He pointed out what the issues were. The Central Bank Governor said what the issues were and I am wondering how you could translate those things into a conspiracy. The Member for Tabaquite said that the problems were there for a while and you had to treat with them. So was it that the Member for Tabaquite and the then government was in a conspiracy against Mr. Duprey when they called in CL Financial at that time and, therefore they had to come to some agreement to come out of that and today another agreement is being reached? And because you did not treat with the things properly then, because you had to come to some conspiracy with Mr. Duprey, today it is a conspiracy? Is that a possibility? I repudiate that theory and that concept.

I want to suggest that there is no need for a brief in defence of CL Financial. We are told—and a number of people have said it, you know—that the Government should stay far away from all the things that are happening. We hear a tone of distrust coming from politicians who seek to manage the Government; this tone of distrust; this tone of public office incompetence that doubts that this country can, in fact, manage what this country has built.

So on one stage it is correct to say that out of the best of our people have come this best institution but that best cannot be managed by the public system. That is what you are saying. [*Interruption*] You forget. You see, you speak and forget. Some of us take the time to take the notes.

**Ms. Kangaloo:** He does not even know what he is saying.

**Hon. R. Dumas:** Some of us are saying that this institution is so important to black people—that is the way it was used—and Indo-Trinidadians and Afro-Trinidadians were at the core of the building of CL Financial and all its other assets and organizations, and having built those, they are not to trust it to another set of people of Trinidad and Tobago, namely people in the public sector and who will be assisted by boards and directors from the private sector. That is basically what comes out.

When you say that this thing cannot be managed and we cannot move forward, that is really what you are saying. You know one thing we are missing? Every other bail out that we quoted; when we talk about the bail out that is being run by Obama; the bail out that is being run in Japan; the bailout in Canada, in whatever country, each came after the crash. That this is the first attempt that comes before the crash. [*Desk thumping*]

This is the first government that is acting before the meltdown in their country. Every single bail out was coming after the financial system of the

*Central Bank (Amdt.) Bill*  
[HON. R. DUMAS]

*Monday, February 02, 2009*

country had crashed! That is the reality! [*Desk thumping*] So the modalities that you are lining up were for the modalities after the meltdown; after the stocks had gone down; after the financial systems had crashed; after the banks and the dollars in the bank were worth nothing—

**Hon. Member:** That was after.

**Hon. R. Dumas:** This cannot be after. The shares of Clico are still worth what they were worth on Friday; the deposits in the bank are still worth what they were when the banks were closed on Friday. [*Crosstalk*] I am suggesting, Member for St. Augustine, that you know better than that. It might be a private company but there are a number of public holdings.

This is the reality and that is what you are not accepting. You are not accepting that this is the most proactive move in any financial system in the world that has occurred and it is this Government. [*Desk thumping*] And I am proud to be part of that. I am saying to you that rather than suggest that there is credit to the action; there is credit to the process, you seek to discredit it; you seek to lead a system of non-belief—

**Ms. Kangaloo:** Purveyors of doom.

**Hon. R. Dumas:** Purveyors—

**Ms. Kangaloo:** —of doom and gloom.

**Mr. Bharath:** Could the Minister give way?

**Hon. R. Dumas:** No, Member for St. Augustine, not tonight. I listened to everybody! Not tonight! We took all the insults tonight. Why you want—okay, talk.

**8.45 p.m.**

**Mr. Bharath:** Thank you, hon. Minister. Earlier on the Prime Minister said that there is a \$7 billion to \$8 billion deficit in the statutory fund. That would suggest that the company is insolvent. Therefore we are talking about after the crash.

**Hon. R. Dumas:** You insulted me earlier and said to me that my brain could not wrap itself around all the concepts you have. You disappoint me. I give you credit but I expect better.

Member for St. Augustine, if you have a situation in which your assets and liabilities because of some reason have lost value in your system, whether they

have been frittered away or taken away or exported in some way, I do not know the answer. You have engaged a partner to replace those assets and that agreement is enforced, are your assets available?

**Mr. Bharath:** That is what the banks abroad did.

**Hon. R. Dumas:** There is a difference. Those banks were flat on their backs. What occurred? They were all in losses. The system had gone. It is not comparative. Member for St. Augustine, try as you will, when you teach this is how they teach it in class; when we write and discuss this, you have to come to the point that the PNM is the first Government to have acted before the financial meltdown in a national context. The one issue that could be of some validity is the one that says we want a valuation of what it would cost. In the Memorandum of Agreement it is addressed. We have issues in here and we must come to the process of valuation. You tell us that we have no talent on this side. Every time I turn I see value and strength.

When I turn to the Member for Barataria/San Juan on my right—*[Interruption]* Thank you very much. You joined a noble profession and you acted well in it when you did. The Member for Barataria/San Juan will tell you that you cannot trust valuation if you do not know if you have all the information. The process of coming to valuation requires people to look at the documents and assets. It takes time and trust between the evaluator and those who are being evaluated. The question of being able to access those is to give a complete statement or as near complete as possible is required. That is the only issue here. I suggest that the only way you can get that is to wait until the end of the valuation.

We all accept and make decisions with less than perfect information. We come as near as we can to what is known. We come to what is manageable in decision making. As we come to what is manageable, we gather information that makes the decision most likely to be correct in the best time with the best accuracy, as full as we can bring it and transmittable to us in ways that we can use it in our processes. We are more likely to make better decisions. We are saying to you that we have come with the best information we have.

I do not know anything more than you know. If you know more it may be because somebody has access to information inside Clico, the same place that you do not want us to go. Members on your side have information from Clico and it was demonstrated today. You cannot doubt that. The Opposition has information and friends inside Clico. You have the information we have. In that context, on what basis is the Opposition saying that they want more time, evidence and

*Central Bank (Amdt.) Bill*  
[HON. R. DUMAS]

*Monday, February 02, 2009*

information? It is not available. When you ask why we should act tonight, I say to you that it is because the present system by which money moves and what is available to this country, we are in danger for every single minute that we do not make this decision. You know that.

We have the experience of the Asian, American and British systems. We know that if we take too long to make these decisions, people would be in danger of getting their pensions and savings wiped out and their assets cleaned out. The system is in danger. If we insist on making a decision now with the information we have, I think that we should listen. I would have loved if you were serious about coming to a decision and using the information, half of that side would not have been somewhere else holding a public meeting now. They would have sat down here and wrangled with the responsibility we have as parliamentarians. They would have faced the possibility and dealt with the people's business in Parliament that you are elected to do.

**Mr. Maharaj SC:** Where is the Prime Minister?

**Hon. R. Dumas:** I am sure that the meeting he would go to is not one haranguing the Opposition, as the Opposition is now haranguing the Government somewhere in a corner.

We had the disparaging statements about begging for support. If we are begging for support, it is because we are conscious that there is a requirement for judicious speed. Whatever the mechanisms, we know the limitations of Parliament. This Parliament can make any decision required because after this debate we have a committee stage in which all of us can put our ideas on the table. There is no barrier in this system for making a good decision. There is no barrier in this system, for tonight, in protecting the interest of the people of Trinidad and Tobago. I suggest that there is still time.

We called the figures and I wonder if we know what they mean because I do not want to be rude. Sometimes a problem could be so big that we cannot conceive it; we cannot tie up our heads around it and run from it. I think tonight is an example of people running from the problem. You do not want to stand and say that this is a decision we can take and we are doing this. We are running from the problem. We are demonstrating an unwillingness to treat with the matter, maybe coming from a feeling of our incapacity that the institution is incapable of tackling the problem. I watched the Member for Caroni East read the figures; premium income \$3 billion, 75 per cent of the premium income of the country; GDP 25 per cent, \$38 billion; \$22 billion in the self-administered pension fund.

That is workers' money. It is \$250 million a year being paid by the employers and \$140 million being paid by the employees.

When the Member for St. Augustine was saying that an economy is built basically on confidence and the people with capital putting it in, I objected. I come from a different model of thought that says this is people's money, workers' money. Of course, business money is in there. The critical people at risk—we say that we stand for the workers; use all the nice words and then run from this decision. The Member for Chaguanas West will know that the better off could only lose “X” number of shirts, but when the poorest man loses the one shirt he has, he goes bareback. If we know that there is risk of loss as you cut the margins, you cut deeper and deeper and the time we spend coming to this decision or ensuring that this decision is not made, it would hurt the very ones that we say we support and are most in need of support.

I am very clear that the people of Tobago East are net savers; every household in Tobago East is at risk tonight; their financial security is at risk and a number of them are within that 55 per cent margin that would be affected by this. I am very clear that the long-term values of their properties and the education of the children are at risk. If the whole system of markers that we have for managing our economy and the earnings in tourism are at risk, I have one job to sit here and come to the decision that I think is most likely to protect that. It is the only duty we have and not our prejudices or fears, but the interest of those people. Member for Chaguanas West, if that is what you meant when you said that we need to take—The money measures the flow of labour and interests that people bring to the various markets. If we are serious and the mistrust in the Government—

When I heard some of the conversations I went back to all my years of listening to the politics of Trinidad and Tobago. I wondered where is the argument that says that there is value in those who labour; the public system and the regulators. I remember asking questions and last week we were given a lesson in Ministers micromanaging their ministries. That was in the face of people saying that they do not trust Ministers to manage departments, divisions and ministries. You have that duality. There has to be a middle ground that says that the regulators who are the professionals in the public service must have some value. If they are the people who run the various institutions, I wonder what the problem is.

I cannot sit without saying one word about the Hindu Credit Union (HCU). I want to be clear. We are doing a disservice to the HCU; the credit union system

*Central Bank (Amdt.) Bill*  
[HON. R. DUMAS]

*Monday, February 02, 2009*

and generally, the poor people in the credit union. One of the ways in which the Member for Tabaquite made his reputation when he was the Attorney General was in the issue of placing in the public arena, the question of judicial review.

He knows the rules that he put in that law. He knows that any officer of the State who has a duty under those rules could face what he has carefully put within the borders of that public administration system. Any injudicious act by any public officer in treating with HCU matters can have the whole matter further delayed and subject to a set of appeals. Every officer has to be careful to follow the public administration rules and the concepts of the rights. The mechanisms within the provisions of the Co-operative Societies Act that govern credit unions; the conduct of the commissioner and the minister have to be followed carefully.

**9.00 p.m.**

Therefore if an appeal is ongoing—that is what is happening, HCU has appealed the ruling of the commissioner and there are conversations going on in that context—going outside of that could create a vortex. [*Interruption*] I go for instructions from the senior; I am not playing lawyer. The Member for Fyzabad never had any manners.

**Mr. Maharaj SC:** I am much obliged to the hon. Minister for giving way. Assuming that there is a judicial review application—as I understand it, there is no judicial review; there is an application for a stay, I understand. Am I correct? Just as the Government decided on a policy for the depositors of Clico, the Government can decide a policy and that policy, if agreed upon by the depositors, there is no problem with that.

**Hon. R. Dumas:** I know you are attempting to bait me, but I will not fall for that. It can also be policy, let the appeal be finished before there is any intervention by the State. Can that also be policy? I suggest, therefore, given that we know the issues, the HCU matter is being handled as the law has agreed such matters should be handled. If there is any variation that does not treat in a just way with the issues as raised by HCU, there needs to be no advice to HCU to find legal advice on how they could proceed.

Mr. Speaker, the matter of the change in the law is designed for certain effects. There is an issue of protecting investments, building confidence; there is the question of taking steps to protect a system; there is the question of the public interest. The one red herring that was drawn tonight is the argument that Government set about to acquire the majority of the assets in the financial system

of the country. Nobody on that side seems to agree that there is a possibility that a certain group of ladies and gentlemen, who had the responsibility for managing the assets and maybe did not do such a great job, have now come to an agreement with the State as to how this matter can be settled.

I make a distinction between the Government and the State because I feel that the agents of the State have been given this responsibility and have conducted their responsibility properly. Tonight, it is this institution of the State the Parliament, that has the responsibility to look at the law. I suggest we support the Bill.

Thank you, Mr. Speaker.

**Dr. Hamza Rafeeq** (*Caroni Central*): Thank you very much, Mr. Speaker, I rise to make a brief intervention just to make two points. When the Member for Diego Martin North/East was speaking, he said that today we are about protecting the life savings of the little people in Trinidad and Tobago. The Member for Tobago East said that if a poor man loses the one shirt he has, he goes bareback. Then he said that he was very clear that everything in Tobago would be affected and that his duty is to protect the residents.

In the context of these statements, how is it that the life savings of 146,000 little people, who have their life savings in the Hindu Credit Union, do not matter? By any stretch of the imagination, Mr. Speaker, 146,000 persons constitute a significant portion of this population. One hundred and forty-six thousand persons is more than 10 per cent of this population and, bearing in mind that these people who have deposited in the Hindu Credit Union are adults, most of them married with children, if they have two and three dependents, we are talking about 30 per cent or 40 per cent of the population.

Mr. Speaker, how can you ignore the plight of 40 per cent or 50 per cent of the population and think about the plight of just the people of Tobago? How can you say that they are not significant enough for Government to make an intervention? The Prime Minister has said to leave them alone. The Member for Tobago East has said to let them go to court.

I represent about 30,000 or 40,000 persons in Caroni Central. In Caroni Central, there are residents there who have deposits in Clico, but many of the residents in Caroni Central also have their deposits in the Hindu Credit Union and it is my responsibility also to deal with those people.

*Central Bank (Amdt.) Bill*  
[DR. RAFEEQ]

*Monday, February 02, 2009*

When I became a Member of Parliament, I took an oath of office here and I want to read what it says. It says:

“I, ... having been elected a member of Parliament do swear by ... that I will bear true faith and allegiance to Trinidad and Tobago, will uphold the Constitution and the law, and will conscientiously and impartially discharge the responsibilities to the people of Trinidad and Tobago upon which I am about to enter.”

But, Mr. Speaker, the Ministers, when they take an oath, this is what they say:

“I, ... do swear by ... that I will bear true faith and allegiance to Trinidad and Tobago and will uphold the Constitution and the law, that I will conscientiously, impartially and to the best of my ability discharge my duties as ... and do right to all manner of people without fear or favour, affection or ill-will.”

Mr. Speaker, how can you take an oath of office like that and openly discriminate against a large section of the population? That is naked discrimination.

The Prime Minister mentioned, during his contribution, that the shortfall between the assets and liabilities of Clico will be in the vicinity of \$7 billion and \$8 billion and counting. That is not an insignificant amount of money. In order to protect the savings of depositors and shareholders in Clico, the Government is willing to inject that money. Do they know what is required to protect the savings of the depositors of HCU?

We have been told it is \$300 million. That is a far cry from \$7 billion or \$8 billion. Why can the Government find this money to protect the shareholders and depositors in Clico and cannot find \$300 million to protect the depositors of the Hindu Credit Union?

Maybe there is, but I do not think there has been a proper valuation of the assets of HCU. However, the Prime Minister was able to say that there are not many assets in the Hindu Credit Union. There should be a proper valuation of the assets and the liabilities of the HCU and that gap, just as the Government is making good the shortfall between the assets and liabilities of Clico, the Government should have been able to make good the shortfall between the assets and liabilities of the Hindu Credit Union.

Mr. Speaker, the situation of the depositors in both organizations is the same. Both sets of depositors put their money in these organizations with the confidence that their deposits will be protected by the organization itself and that they will get a fair return.

In addition, they made their investment with the knowledge that the Government, through its regulatory system, will protect their investment. So both sets of depositors are now in danger of losing their investments. Here we are, representatives of the people, being asked to give protection to one set of depositors and leave out the other. Why are we being asked to be party to a discriminatory act like that?

The Government cannot hide, as the Member for Tobago East said a while ago, behind a veil that the laws that govern Clico are different from the laws that govern the HCU. As the Member for Tabaquite has said, if the Government has a policy to protect the depositors of the HCU, then it can be translated into law and brought here for consideration by Members of Parliament.

While there may be wealthy people in HCU who have had their deposits there, the majority are small and relatively poor people who have invested their life savings in that organization with the hope that when they need it on a rainy day, they will be able to use it. Why should they be punished for something over which they have no control? Why should we be treating depositors in Clico so differently? I think that we in this House would be leaving here today feeling very proud that we have done what is right if the Government gives us some kind of firm commitment that there will be intervention to save the depositors' money.

As the Member for Diego Martin West has said, we have been asked to support this piece of legislation and I want to say to Members opposite that it will be so much easier for us to support the legislation if you include some bail out package for members of the HCU. Why are you asking us to engage in an act of discrimination that will take care of one set of people and leave 146,000 and their dependents in the cold? Why do you not come with a package that also supports them? It would be so much easier for us to support that.

I wanted to make that point and one further point. We have been told that the shortfall between the assets and liabilities of Clico will be between \$7 billion and \$8 billion and climbing. Just about two weeks ago, the hon. Prime Minister came and made a statement saying that we were going into deficit financing and that we would be borrowing from the local market about \$1.7 billion.

Mr. Speaker, where is that coming from? Will we see a further cut in the budget? If so, where will it be? Right now, as Members of Parliament, we do not even know where the previous cuts will come from. We do not know what projects have been cut. All we know is that all Ministries' budgets have been cut. What projects have been cut? If we are going to have further cuts, what is going

*Central Bank (Amdt.) Bill*  
[DR. RAFEEQ]

*Monday, February 02, 2009*

to be cut? Will the Ministry of Health be cut? Will the Ministry of National Security be cut? Will the Ministry of Education be cut? This is why we are saying that it will be so much easier to support the legislation if there is more information.

We are being asked here today to support a piece of legislation, when there is little information.

**9.15 p.m.**

**Mr. Imbert:** I thank the hon. Member for giving way. Some issues need to be clarified. If you look at the legislation—because one of the features of this debate is that Members opposite are not going into the clauses of the legislation.

**Mr. S. Panday:** We did not have enough time.

**Mr. Imbert:** We would look at that. The fact is that this legislation does not provide for the Central Bank to inject money into insurance companies. All this legislation does is allow the Central Bank to intervene with emergency powers when insurance companies are in trouble. It does not provide a framework for the Central Bank to put Central Bank funds into insurance companies.

**Dr. H. Rafeeq:** While that may be so, this memorandum of understanding says very clearly that the Government of Trinidad and Tobago will make good the gap between the assets and liabilities of Clico. The memorandum of understanding clearly says so. [*Interruption*]

**Mr. Imbert:** That is true and this is why we circulated it in the interest of full disclosure. With respect to the amendments before the House, it is simply to give the Central Bank emergency powers to intervene when an insurance company is in trouble.

**Dr. H. Rafeeq:** We cannot deal with the amendments in isolation, because we are giving the Government powers to bail out companies, not only in this present situation. We are giving them powers even in the future. I am saying that in the absence of the information as to how much money is involved there. We do not know—for example, there is money here in the memorandum of understanding—what the assets of Clico are. We do not know what the liabilities of Clico are. We do not know how much money will eventually be spent. We do not know.

In the absence of information—this is why the Leader of the Opposition and who have spoken on this side said that we need more time in order to have a full

understanding of what we have been asked to do. I hope that the other side will take that into consideration and will give us the requisite time so that we can fully understand all the implications of what we have been asked to do here today.

Thank you very much.

**Mr. Chandresh Sharma** (*Fyzabad*): Thank you very much, Mr. Speaker. You will appreciate that the debate today really demonstrated a large area of concern for all of Trinidad and Tobago and in particular those persons who might be affected.

When I listened to the last speaker for the Government, the distinguished Member for Tobago East, one is very clear that he is speaking from both sides of his mouth. For a Government Minister to tell this House that this House will treat with any piece of legislation that comes to it, meaning the Government brings the legislation and that this House is not too big to treat with any good decision that would add value to the lives of the people of Trinidad and Tobago, he is saying in one breath, but when he had an opportunity to treat with the HCU, he did differently. The hon. Minister, in his capacity as Minister of Labour and Small and Micro Enterprise Development advised that they go to another place. He did not say: "I can take to the Cabinet or the Parliament to treat with."

One has to look at what the HCU requested. The HCU, as I understand it, wrote in July of last year asking for a loan of \$125 million, which would be repaid. They were not asking for anything free. The Minister of Works and Transport was telling us of the companies and the assets of the Clico group, but he chooses not to tell us about the HCU group. They also have assets.

In fact, Mr. Speaker, in terms of employees, my understanding, directly and indirectly, is that the employment is close to 2,000. In terms of loans given out by the HCU group to people from Trinidad and Tobago—because as the Member for Caroni Central indicated, there are 146,000 depositors. That represents 13 per cent of the households in this country. They have given loans to people to open close to 8,000 businesses and close to \$315 million. The HCU has done its work, with respect to treating with the national community at the highest level. What has the Government done? They got this request since July of last year and treated it with contempt. This is how they treat with people in this country, to a large extent.

We have indicated that, in principle, we are prepared to lend support to the current matter in front of us. The Government can give an undertaking that they are going to treat with the HCU, because you are also treating with the national community of Trinidad and Tobago.

*Central Bank (Amdt.) Bill*  
[MR. SHARMA]

*Monday, February 02, 2009*

The Minister also indicated that in treating with a situation you have to look at what is involved. He is talking about Government policy. The Government chooses policies that are convenient. On one day the Government awards contracts to contractors who are not known to the national community, no due process. Close to 150 contractors and moneys in excess of \$1 billion over the last few years. That is the Government's policy. They gave out \$46 million in scholarships and grants to friends and families. That is the Government's policy; no public participation and knowledge. It is the same thing with housing. The list can go on and on. The Government's policy is only a policy that can treat with the supporters of the Government and not with the national community. We want to renew this call that the shareholders of the HCU must be treated equally, as obtains in the Constitution of Trinidad and Tobago.

We are of the opinion, based on the information that has come to us and was presented by so many speakers, that the Government has calculated to destroy the Clico group. Moneys are available.

The Member for St. Augustine and others have indicated what obtained in the United States, England and France. I quickly want to run through it in a nutshell. Basically, the loans given by the governments of these countries went to the different companies that needed the loans, but they had the opportunity and maintained the opportunity to continue to manage their outfits. This meant the government will monitor it, but they would not take it over, as the Government here is doing. There is absolutely no need for the Government to take over Clico's operations because they do not have the expertise. More than that, based on the experience thus far, the Government has no history of running any company on a profit-basis. In fact, they have not been able to do anything within budget, as I have indicated on 100 occasions.

More than that, the Government is aware that the IMF, as late as January 28, which was two or three days ago, has made available \$500 billion to strengthen international confidence that can meet any new challenges during the current global downturn. This is available to all 185 member countries. The Government has the ability to borrow the money on behalf of Clico in this instance and on behalf of the HCU. The HCU is only asking for a loan of \$125 million. If Clico needs \$8 billion or \$10 billion, here is \$500 billion available to 185 countries. In its latest assessment published on January 28, the IMF said that the world growth is forecast to fall to its lowest level since World War II, with financial markets remaining under stress and the global economy having a sharp turn for the worst, sending both global output and trade falling. The Government knew that moneys

are available. If the moneys are available, why is the Government going this way? All the speakers on this side have identified that it is vengeance against the Clico group for whatever reason. The Government must answer why it is not going this way?

Let us look at what happened in the United States. In order to help banks and to assist in the recession, there must be a cut back on expensive entitlement. In the USA, President Obama's economic planning entails buying hundreds of billions of dollars worth of bad loans from Wall Street. In addition to helping the recession he is seeking to have more health systems with a part towards budget reform. Again, President Obama has moved \$819 billion to make available to companies that are going through this kind of thing. There is global learning. This is not new.

The Member for Tobago East is boasting that this is the first time and it is new in Trinidad. He is not aware of what he is speaking. In fact, President Obama indicated that the Bill would cut taxes for people and businesses by \$275 billion. To make sure moneys are available, there are many creative ways to present incentives, while pumping more than \$540 billion into a range of programmes including roads and bridge repair; increased unemployment benefits; investment in new technology and renovations to schools, hospitals and public buildings. We are seeing what is available outside, but we are not seeing the Government making any such move. All it is interested in is destroying Clico. We ask the Government to revisit and look at the experience in France. The President of France, as soon as he made moneys available, within 24 hours, met with the stakeholders to make sure that they can create employment and continue managing their businesses and ensure that there would be no fallout, in terms of employment, et cetera. It is critical that the Government revisits how it is doing this.

I want to go to the MOU for a minute or two. According to this, the first "WHEREAS" states:

- “(a) The financial conditions of CIB, CLICO and BA threaten the interest of depositors, policy holders and creditors of these institutions and pose a danger of disruption or damage to the financial system of Trinidad and Tobago;”

It is almost the exact thing with the HCU. You do not need to bring a new set of laws; the learning is here. CLF has asked for the Government of Trinidad and Tobago's intervention.

In July of last year the HCU wrote to the Prime Minister and Minister of Finance asking for intervention. The Government of Trinidad and Tobago and in

*Central Bank (Amdt.) Bill*  
[MR. SHARMA]

*Monday, February 02, 2009*

this instance CLF have agreed to enter into an MOU. HCU has agreed in principle to enter into a similar kind of MOU by writing to the Prime Minister and Minister of Finance in July 2008. There are certainly all the matters and learnings available.

What we did not hear from the Minister today is how this will assist the average citizen. You can easily hide and claim that it would assist the depositors and the stakeholders. Any financial package must go larger than that. It must treat with as many citizens as possible. It must tell us how this is going to reduce Government's expenditure as well, because if you are pumping \$8 billion or whatever sums of money—

Nobody in their right sense can buy this argument; that you do not know the assets or expenditure. When you look at what obtains in this country for example, the Government talks policy—when a senior citizen who has worked for 30 years or 40 years in this country has to obtain a wheelchair, that pensioner has to go and get three invoices before he can get that wheelchair and also wait for one year. When that pensioner has to get a \$10,000 grant to repair his house, that pensioner has to get three quotes and take them to the office. Here it is the pensioner has to do all this work and you are saying that the bank does not have this information. Any company would have an idea of its assets or information on what it owes. That information could have come to us. It is for some reason the Government is hiding this information.

The only thing I can think of—in fact listening to Members opposite it has really opened a can of PNM worms. It is showing the slimy intentions of the PNM Members. We heard earlier today that the Government—[*Interruption*]

**Mr. Speaker:** You can use more elegant language than “slimy intention”. That is not really elegant or even parliamentary, please.

**Mr. C. Sharma:** I agree with you, but they have found very slimy ways of getting their hands on millions of dollars.

**Mr. Speaker:** Again, you know better than that. You are a Member here for about 20 years.

**Mr. C. Sharma:** I meant slippery. They are using some very slippery methods and sliding their way into the Government coffers.

**9.30 p.m.**

One cannot escape it. We have demonstrated here that in excess of \$120 billion and this matter cannot be dismissed lightly. If it is—we can now pass the

stage if it is. It is evident that persons had inside information and have used that information to make withdrawals. If we are sitting here in this Parliament tonight and this has happened, the Parliament must collectively agree how it is going to treat with this matter.

In fact, it is well known globally when we talk about the IMF with this 185-member countries, the Member for Chaguanas West has visited 165 countries in the world, and he told us of the experience where somebody was telling him about corruption in Trinidad. We cannot continue to allow this thing to happen. What is happening is that large sums of money are being spent. We heard from Members of a company obtaining a \$368 million contract. What we are not told oftentimes is, that these contracts are awarded much higher than the actual value of work, but that is not the first story.

The second part of it is that even when we award contracts—in this instance for \$368 million—when you look at every single contract awarded by the PNM Government in the last five or six years, it has come back for additional sums of money. So, in the first instance, we are paying too much for the delivery of a project, sometimes 100 per cent more than it is really worth.

In addition to that, oftentimes we are coming back. The classic case is the particular project awarded at Petrotrin. It started off at \$9 million, and the final toll was paid in excess of \$100 million. We have seen that in every school we have built; in every health centre we have built; in every community centre we have built in the last two or three years. This cannot be allowed to continue. Oftentimes we talk about it and what we see coming out, absolutely nothing.

In the current context, there are the Government officials, Inspector of Banks, Supervisor of Insurance, et cetera; who would have known what was happening. As the Member for Oropouche indicated earlier, a meeting is called—because the Member for Diego Martin North/East was trying to say, well, time line in a particular instance—a week or 10 days in advance, and the agenda is circulated or communicated one way or the other, so you know what you are coming to discuss; you have an idea.

So, those persons who are participating know we are going to meet with the Clico group; we are going to shut them down; we are going to buy them out, whatever, and they spread that information around. That must be revealed in this Parliament. I think we owe it to the national community, and the PNM Government would have to answer, apologize and return those funds, if in fact, they were taken out as was indicated in this Parliament today. [*Interruption*] The

*Central Bank (Amdt.) Bill*  
[MR. SHARMA]

*Monday, February 02, 2009*

\$10 million or the \$20 million as you indicated earlier. *[Interruption]* Exactly, and I was hoping to get that kind of response. Thank you very much. You see, I particularly used “funds” to establish and the Minister is confirming that they withdrew the money because the money belongs to them. *[Interruption]* Yes, we agree with that, but you withdrew it based on insider information and that is insider trading. That is exactly it.

The Government should be ashamed. The Government is saying that the Minister was right to withdraw the money, because the money belongs to the Minister. Is that what we have reached to? Is this the Parliament that is looking for 2020 vision? You cannot use your insider information to make deals. You cannot do that. You cannot award your friends and family contracts because you have the information. The Constitution does not allow that. The oath of office that we took does not allow that.

Mr. Speaker, I got a text a short while ago—thank God, for the technology—saying relatives of Ministers of Government also withdrew money based on the same thing. Now, it cannot be by accident that all these Government Ministers, family and friends suddenly got so bright that they know to go and take out the money in the last 72 hours. I do not understand how this thing works.

I want to visit the powers that already obtain, because the Government is claiming that this suddenly happened, but the officers in the different agencies appointed by the State, paid for by the State, have a right to act within their powers, and the question is, whether they acted within their powers. The Government also has a duty to promote the success of any company, and should be promoting Clico rather than destroying Clico; should be promoting HCU rather than destroying HCU. We have a right to independent judgment.

They would have reported to their superiors and the Ministers who would have gotten that information at some point, so, they would have had enough time to come. When you look at the global situation as well, since September of last year, based on what happened in the United States; some time after in the United Kingdom, France, Japan and elsewhere, Trinidad and Tobago Government was aware. Why they waited until the last minute? Why they made this a private event?

When you look at the articles that appeared in the newspaper in the last few days, the Clico officials were taken by surprise. They had no time to call a meeting, to treat with it. What was the proposal of Clico when the Government went to Clico and said, okay, we may have to do A, B, or C? What was their

response? The Government has a responsibility to tell this House what was Clico's response.

When the Minister met with the HCU officials, he should also tell the House what was HCU's response. As far as I understand, HCU said, listen, we are willing to go based on the advice you are giving; we want a loan of \$125 million. That is not too much money to ask for to save 146,000 depositors, and they are going to pay it back. The Government has a responsibility to exercise reasonable care, skill and diligence, and in this context of Clico and HCU, we are not seeing that.

Mr. Speaker, the Government has a responsibility to avoid conflict of interest. This debate today has opened a can of worms. We are seeing a conflict of interest. The Government has not avoided the conflict of interest, and Ministers are hiding, "Is we money, we could take it". Ministers, officers acting on behalf of the State have a duty not to accept benefits by way from third parties or to accept benefits by way of insider information, and they have done that today. They have a duty to declare—and I think the Member for Tabaquite mentioned this, and I want to mention it again—interest in proposed transactions or arrangements; with Clico in this instance, and they have to.

Mr. Speaker, in a nutshell, it is clear that the Government came today hiding information from us, and from the national community. We have seen Ministers taken out full page ads; opening a dustbin somewhere they put a full page ad, costing \$18,000 in one newspaper; three newspapers for a week is \$100,000 for the year, close to half a million dollars. There was no advertisement from the Government on this Clico situation; there was no advertisement from the Government on the HCU situation, because they are hiding that information. In one instance, it was calculated, as they did with Caroni (1975) Limited, to destroy HCU, and in the case of Clico, also to destroy Clico.

How come they did not go with consultations, newspaper articles and advertisements, saying this is our situation; this is what we need to do; what are the thoughts out there? Why did they not offer depositors, shareholders and policyholders of Clico to buy it back? Why did they not advise them to form themselves into a company; we are going to make a loan available to you; consider buying back your interest and make sure the company continues to run.

Clico has a wealth of institutional memory; the kind of knowledge we all are very, very proud of. The Government has a tendency to destroy anything that is good in this country, particularly anybody who stands up against them or shows some degree of independence.

*Central Bank (Amdt.) Bill*  
[MR. SHARMA]

*Monday, February 02, 2009*

Mr. Speaker, I was making the point of what obtained in France. Less than 48 hours after unveiling France's \$488 billion rescue plan earlier this week—and this only happened last week—the President insisted on the fact that everyone has to play and participate. In revealing an additional \$803 billion aid packaging to Britain's top three banks, Prime Minister Gordon Brown—

So, we are seeing the learning out there; the information is available to us. Why are we going back? Why can we not advance the country? What are we going to tell our children? PNM came, they destroyed BWIA; they came, they destroyed Caroni; they came, they destroyed National Fisheries; they destroyed Tanteak; they destroyed local government; now they have come and destroyed Clico; they are trying to destroy the Opposition. You seem to be an enemy of everything that is good. You seem not to want to treat with people in a humane way. You seem not to care. There seems to be no love, only hate; plenty actions of hate. [*Interruption*] Yes, Member for Arouca/Maloney, did you ask if I love you? Certainly, we love all Members; we are brothers and sisters here.

Mr. Speaker, is it strange that the present Minister in the Ministry of Finance, the distinguished Sen. Mariano Browne, is a former employee of Clico? Is it strange that the current Minister of Finance has a very close relative working in Clico in a very senior position? And less than one year coming into government, they have destroyed Clico? What is the connection? There must be some kind. Let us explore it. How it is within months of coming into the institution—In fact, the goodly Senator only joined the Ministry a few months ago and destroyed it. [*Crosstalk*]

**Mr. Speaker:** Order!

**Mr. C. Sharma:** The moral of the story is, if you belong to a company, you cannot be in Government. How this only happens when PNM is in Government? I want to ask something as it relates to the Insurance Act. [*Crosstalk*]

**Mr. Speaker:** Order, please!

**Mr. C. Sharma:** In clause 5, the matter as it relates to annuities, which appears as item 5. I want to know if the annuities by insurance companies are protected under this, and if the answer is no, I want to suggest that annuities come under this protection, because it means that persons who have annuities in insurance companies seem to be excluded from the protection that the Government is advancing here today, and I am hoping that they can answer that before concluding. [*Crosstalk*]

Mr. Speaker, as I conclude, we indicated that we are here to treat with the business of the people without fear or favour.

**Mr. Speaker:** Members on the lower end of the Government Benches, the Member is making his contribution to which he is entitled, and you should not interrupt him in the manner in which you are doing. Please, continue.

**Mr. C. Sharma:** Thank you, Mr. Speaker. I had intended to wind up but I think they need to be taught a few more things. [*Laughter*] What the Government has presented today has not indicated to us how this is going to help stabilize the economy; how it is going to develop growth. All the Members from the Government who spoke did not tell us how this is going to improve liquidity into the system, because they claim this is one of the major reasons, and nothing they have said has demonstrated that this far.

**9.45 p.m.**

They have not indicated any kind of strategy—we have asked for that, and I am just repeating it—in terms of how this is going to develop the financial sector. What are the immediate and significant benefits, if any? You are claiming that this is going to treat with Clico depositors, but that is not good enough. You have to indicate what is the larger impact. You need to tell us these things. You have weight because you have the majority, but, on this occasion, you cannot use your majority. I think it is two-thirds which is 27 Members, and you only have 26 Members. It does not matter whether it is two-thirds or three-fifths, the point is you can come and claim that it is three-fifths when it is really two-thirds. Although you may have identified three-fifths, that may not be correct. The point is, there is an obligation for the Government to clearly indicate how the country is going to benefit from this and it has not yet done so.

In closing, I want to say that in treating with the Clico family—the shareholders and depositors—we are renewing the call for all credit unions and, in this instance, the Hindu Credit Union to be treated in a fair manner. [*Desk thumping*]

**Mr. Subhas Panday (Princes Town North):** Mr. Speaker, the request for an extension of time to really assimilate this complex issue is manifested in the statements made by the hon. Member for Diego Martin North/East in response to the Member for Caroni Central. The Member said that the Central Bank is not going to do anything, but it is merely giving the Central Bank power to move into Clico. I want them to read the Bill; an Act to amend the Central Bank Act, Chap. 79:02. We are amending section 44D which says:

“to provide such financial assistance...Institutions...as it considers necessary to prevent the collapse of the institution...”

*Central Bank (Amdt.) Bill*  
[MR. S. PANDAY]

*Monday, February 02, 2009*

They are talking about the Central Bank here.

Mr. Speaker, this has been replaced with a new (v) and it says:

“(v) to provide such financial assistance to companies which carry on the business of banking or business of a financial nature as licensed under the Financial Institutions Act 2008, as it considers necessary to prevent the collapse of the institution, other than an insurance company regulated under the Insurance Act.”

The point I am making is that by giving us this document only last night, we need time to assimilate the information. We need time to have further discussions. *[Interruption]* Do you want me to stop now? I do not have any money in CIB, so I can stop.

Mr. Speaker, it seems to me that the Member for Diego Martin North/East—*[Laughter]* Do you want to suspend the debate? You have to wait for that. The Government is making a joke with this important legislation. *[Interruption]* You have taken out your money and your mother has taken out her money. You do not care about other people. Keep on heckling! You are making a joke about the legislation. This is important legislation. This legislation affects people’s lives—it affects the lives of depositors; it affects the lives of policyholders; and it affects hundreds of thousands of people, and they are taking this for a joke. This is very important legislation.

The hon. Member for Diego Martin West has indicated—I want to warn this Government tonight that if this Bill fails, they would be the cause, because of the flippant manner in which this Government is treating this legislation. I want the hon. Member for Diego Martin North/East to know the rules and the law. If this legislation fails in this session, do you know what is going to happen?

Mr. Speaker, we are giving them important advice and you see how flippant they are treating the matter. If this legislation fails tonight, they cannot come back in this session with this same piece of legislation. That is why it is important that we sit and discuss this legislation. We are concerned about the depositors; we are concerned about the policyholders; we are concerned about the economy; and we are concerned about everyone and, therefore, we are beseeching Members of the Government to make every effort to bring everything on board. Let us discuss this matter further—if it means taking a day or two days—and get all these rough edges out. Let us do it. Do not laugh at people; do not make a joke of the legislation.

This Government went on a PR campaign and traumatized deposit holders and policy holders. The Member for Tobago East said that if a man has one shirt and he loses it, then he has to go bareback. That is the kind of information they are using to traumatize the poor people outside there.

Having traumatized the people and hyped up the situation, they thought they would have caught the Opposition in a corner, and make the population go against us if we do not support this Bill. In these circumstances, we are telling the Government that we want to support this Bill, like the hon. Member for Diego Martin West, but the Government is saying—like the Member for Caroni West was saying, they know everything and they want to “ram” everything down people's throats—if we cannot take it that is our business. They are bulldozing their way through.

Mr. Speaker, we are saying that this legislation is too important and too vital. It affects too many persons, and the Government should take it seriously. They could laugh, but we want to tell the people that this is the trick that the Government has tried. We are saying to the people that we are fighting for their causes, but the PNM is preventing us from doing our duty. We need time to discuss this matter further and we need time to understand this matter. For example, today, I want to ask any Member opposite to get up and tell me if he or she understands this MOU. Member for Barataria/San Juan, you are an economist and you know about this.

**Mr. Ross:** Yes, I understand it.

**Mr. S. Panday:** Well, if you understand this and you are going to vote for this, then you are just as bad as everybody else. [*Desk thumping*] If you understand this and you are going to vote for this, you are bad as the others.

Mr. Speaker, look at the MOU! When did you see this? Did you understand it? This came while the Member for St. Augustine was on his legs. It says:

“This MEMORANDUM OF UNDERSTANDING dated 30<sup>th</sup> January 2009 is made between the Minister of Finance acting for and on behalf of...”

You understand that everything is about \$20 million. It continues:

“...the Government of the Republic of Trinidad and Tobago...of One Part and...”

Mr. Speaker, you know about drafting. If there is anybody in this House who knows about drafting it is the Speaker.

*Central Bank (Amdt.) Bill*  
[MR. S. PANDAY]

*Monday, February 02, 2009*

“...CL Financial Limited of CL Duprey Building, 41—43 St. Vincent Street, Port of Spain (hereinafter referred to as ‘CLF’) acting for itself and as agent for its affiliates to include Colonial Life Insurance Company (Trinidad) Limited (hereinafter referred to as ‘CLICO’), CLICO Investment Bank Limited hereinafter referred to as ‘CIB’) and British American Insurance...”

What they went to the Government for is not what the Government brought to the Parliament here today. They did not bring to the Parliament today what the second party came for. Did you read it? Do you understand that?

Mr. Speaker, paragraph (b) says:

“CLF has asked for the GORTT's intervention in the rehabilitation of CIB...”

What is rehabilitation? Do you know the meaning of rehabilitation? [*Laughter*] Do you understand! Do you know the meaning of it?

“...CLICO and BA in the interest of and for the protection of depositors, policy holders and creditors of these institutions...”

So, they were asking for a bail out; not a takeover; not to sell them out; and not to mash them up. That is not what they wanted. They wanted a bail out. What is a bail out? A bail out is temporary assistance and this would have enabled them to get back on their feet again and move forward.

They are talking about rehabilitation, but I feel—you said that Duprey agreed to it—that is probably with a gun to his head—after they have pulled out all their money from CIB and their friends took out the money, lo and behold, after Clico asked for rehabilitation— I do not know if Mr. Lawrence Duprey had a gun at his head—the parties agreed as follows:

- “1. CLF agrees to take steps to correct the financial condition of CIB, CLICO and BA by:
  - a. selling all of its shareholdings in Republic Bank Limited (RBL);”

That is what the Government told Clico.

- “b. selling all of its shareholdings in Methanol Holdings (Trinidad) Limited (MHTL);
- c. selling all of its shareholdings in Caribbean Money Market Brokers Limited (CMMB); and.
- d. selling all or any of their other assets as may be required to achieve the said correction.”

Is that rehabilitation or destruction? *[Interruption]* You already had your chance. Wait a few minutes. I have \$20 million in CIB. Wait a minute. I have to check my money. I am going to talk to you in a minute. *[Laughter]*

The information is that the shares in Republic Bank Limited are worth about \$8 billion. So, when the hon. Prime Minister said that the size of the hole is about \$8 billion, we are saying that only Republic Bank Limited shares can deal with that. Let us break it up further. Mr. Speaker, the selling of the shareholders of Methanol Holdings Trinidad Limited is \$8.8 billion. So, you already have \$16 billion to fill any deficit. They are taking CMMB and One Caribbean Media and selling all or any of the other assets as may be required to achieve the correction. The question is: Is that rehabilitation? *[Interruption]* My friend, the Member for Diego Martin North/East is saying and whatever liabilities. That is what we are saying. Let us know how much the liabilities are.

**10.00 p.m.**

Is that the way you run a government, like you are running a taxi? So you are now saying that you have more liabilities? Why did you not wait and bring all the information before the House so that we could make informed decisions? You are forcing us to take uninformed decisions, which we do not intend to do. We do not intend to take decisions about—*[Interruption]*

**Mr. Imbert:** About \$100 billion.

**Mr. S. Panday:** That is the way you come to Parliament? That is the way this Government comes prepared to a Parliament, to talk about, “Maybe, could be, should have been”? This is important business; you cannot treat the nation like this, so flippantly. *[Crosstalk]* Bring the valuation; bring a proper valuation so we could decide.

Mr. Speaker, it goes on with Clico and BA. I am not an economist; I am not an accountant, and this agreement has a number of technical terms, which we did not have the opportunity to look at. There are certain paragraphs in this that we think we need to get our experts to advise us on. You do not bring a technical document like this on the floor of the House while the debate is going on, and ask us to vote on it; we need to consult our experts. We need people to explain this memorandum for our understanding; we do not trust the PNM; you are always up to something. *[Crosstalk]*

**Mr. Speaker:** Earlier on today I indicated that when a Member is on his legs, he alone should be contributing. It is not happy hour and it is not the comedy hour, so let the Member make his contribution.

**Mr. S. Panday:** They are trying to force us into a situation where we do not have all the information.

**Mr. Imbert:** We are not trying to force you.

**Mr. S. Panday:** "This is people money." People are suffering outside there; people are crying for their deposits. [Interruption] You bawling wind up, "yuh" want to go home and sleep? That is the way the PNM behaves? You have taken a decision to destroy an important financial institution, an indigenous financial institution and you talk to people like that, on the other side, and you expect us to support you?

We want members of the public to know how the PNM is behaving in the Parliament.

**Hon. Member:** Do not encourage him.

**Mr. S. Panday:** We want to understand: How do you read and correlate one paragraph with the other? When you speak about selling out the assets, how is it done? I do not know; the people want information. It says—[Interruption]

**Hon. Members:** What page are you on? [Laughter]

**Mr. S. Panday:** Their money is safe, that is why they are "cacacaying" like that; their money is safe; they know what they did. They know the wickedness they did to CIB; they took out their money first and then brought the Bill to Parliament. They took their money first and then came to terrorize the population. You could laugh, because you raped CIB and "yuh full yuh pockets", now you come to the Parliament. Keep on laughing.

**Hon. Members:** Oooh!

**Mr. S. Panday:** You keep on.

Mr. Speaker, it goes on; it says that there is another clause here. It says that there is an agreement where Clico must supply the Government with information based on certain things.

**Dr. Gopeesingh:** Eighteen.

**Mr. S. Panday:** I want to thank my friend, the hon. Member for Caroni East, because the document has just come into our hands and, as such, we could not put it together.

**Hon. Members:** Twelve hours ago!

**Mr. S. Panday:** It is billions of dollars you want to destroy in 12 hours; is that the way the PNM thinks? That is the flippant way you would play with billions of dollars of poor people's money? We were listening to the debate; we are not like you all. We do not sleep during the debate. We listen to the debate; we are not sleeping. So you want us to listen to the contributions and you still tell us that we must analyze this important document? [*Crosstalk*]

**Mr. Speaker:** Order!

**Mr. S. Panday:** It says in paragraph 18 that CL Financial would make full and fair disclosure of all the CLF companies and their assets and liabilities. That is to be provided by a date specified by the Government of Trinidad and Tobago, after consultation. What kind of double-edged clause is that? You slipped in the word "consultation", but then you say that the Government would demand a certain date after consultation with you. What is consultation? Is it just telling them, "We want it?" What is the nature of the consultation? These are things that you should explain; these are things that the population needs to understand. We cannot buy "cat in bag", as the Members on this side have indicated.

Mr. Speaker, that is why we are warning this Government. I am warning this Government; if this Bill fails, the PNM is the sole cause of it.

My friend has sent me a note here:

"The GORTT shall approve the selection of Members of the Board of Directors..."

Hear what they intend to do, how they intend to rape this organization to death:

"The GORTT shall approve the selection of members of the Board of Directors and of senior management..."

So the whole of Clico will be PNM; we cannot support this. Having seen this now, it would be irresponsible of us to support that.

That is the most frightening clause I have ever seen in my life. Having regard to the history of the PNM, you think we are going to pass legislation here tonight to allow them to appoint boards? The Member for Diego Martin West said that Calder Hart might be one of those persons; I go further and say that it might be

*Central Bank (Amdt.) Bill*  
[MR. S. PANDAY]

*Monday, February 02, 2009*

Monteil; that is the most frightening combination this country would ever see; or Grimes. I want to remind this population about this PNM. I want to remind this population how you cannot put people's money in the hands of this Government, because they want to take over.

Calder Hart is the Chairman of UDeCott; Monteil was the Chairman of the Home Mortgage Bank, and Calder Hart was a member of that bank. Then we had the National Housing Authority (NHA), as it was called then; Monteil was the Chairman of NHA and Calder Hart was a member of the board of NHA. [*Interruption*]

**Hon. Members:** Moving along!

**Mr. S. Panday:** Hold on; let me read it.

**Hon. Member:** Read it from where?

**Mr. S. Panday:** No, no; my contribution in the Parliament. I was trying to show you why we could not support it, because "allyuh" corrupted. [*Crosstalk*]

**Mr. Speaker:** Order!

**Mr. S. Panday:** Mr. Speaker, do you know what they did? Monteil was the Chairman of the same Clico company, CIB; Monteil was the chairman of CIB, that is the Clico Investment Bank. Monteil was the Chairman of the Home Mortgage Bank. Calder Hart was a member of the Home Mortgage Bank. Calder Hart was the Chairman of NIB and Monteil was a member of that board.

**Hon. Members:** And?

**Mr. S. Panday:** What did Calder Hart and Monteil do? Clico had a 43 per cent shareholding in the Home Mortgage Bank. They took \$43 million, or some big sum, from the National Housing Authority, where Monteil was the Chairman. They took that money and put it in CIB, the Clico Investment Bank, and he was the Chairman of Clico Investment Bank. Lo and behold—Clico had 43 per cent share in the Home Mortgage Bank; the National Insurance Board had 23 per cent in the Home Mortgage Bank. So having taken State funds, the public money, and put it in a private company of which Monteil was the Chairman, CIB, he then took a loan, he took the money from CIB and bought the shares of Clico in the Home Mortgage Bank. He became the majority shareholder in the Home Mortgage Bank; that is the kind of corruption you have in the PNM.

That is why when we see this today and we see that the Government is going to have the power to appoint directors—the Member for Diego Martin West was

right. We cannot give you a blank cheque to appoint directors, when Calder Hart himself from the UDeCott Commission of Inquiry, with what is going on there, we cannot trust you. Members of the public, we are not supporting this. We find it strange and difficult; we find it onerous and difficult to support this, having regard to what they did.

Do you know what they did? When you applied for a house in NHA, of which Monteil was the Chairman, they sent you to the Home Mortgage Bank in which he had the majority shareholding. When you went there you had to take the loan from him, so he made the interest on you. Any building material, any moneys that you wanted for housing, you went to the Home Mortgage Bank and Monteil took your money. We want to find out: Was Calder Hart a part of that decision making process to create this scam?

Mr. Speaker, the moment this was done, do you know what happened? And not today alone; this was in the budget presentation of 2007; "all dem bobol and deal since dat time". Immediately after that, Monteil resigned from all the boards; the moment they put everything together. Monteil was the General Secretary of the PNM. Will Monteil be the Chairman of these companies, of Clico?

I will show you a next twist on that Clico thing. Would you put Monteil and Calder Hart there? Not at all, Mr. Speaker. Monteil resigned from all the boards. After they set their corruption in place, he resigned from all the boards.

**Dr. Gopeesingh:** He was forced to resign!

**Mr. S. Panday:** He also resigned from the Education Facilities Board. You remember that, Member for Tunapuna?

**Miss Le Gendre:** I was not here.

**Mr. S. Panday:** "Yuh was not here?" No institutional memory; that is why I feel so sorry for you all. [*Laughter*] They are leading you like lambs to the slaughter. You all are decent young people; they are leading you like lambs. I am giving you this to read to show the kind of corruption that the PNM was in all the time. [*Crosstalk*] That is why you cannot contribute to this debate; you do not know what they did.

So he resigned, Mr. Speaker, from the Education Facilities Board. On that occasion, I asked the Prime Minister. He did not offer his resignation—they said that the PM accepted it, however—he tendered it. "Take it; yuh have to take it, Mr. Prime Minister." The question we ask is: Did the Prime Minister not become suspicious? Instead he took it and stayed quiet.

*Central Bank (Amdt.) Bill*  
[MR. S. PANDAY]

*Monday, February 02, 2009*

The Central Bank was involved. The Central Bank came in the matter and gave the PNM advice. It told the PNM that what had happened there. The Central Bank said that it was "tiefing" PNM style. The Central Bank advised this Government, as an option, to pass legislation to prevent that; to prevent that kind of behaviour.

**10.15 p.m.**

I ask this Government here now, have you passed the legislation as recommended by the Central Bank to prevent this kind of corrupt PNM Government? And the answer is no. So without that type of legislation in place, we ask the question: If you sink Clico, and take its money and put it in the hands of the Government, what guarantees do you have that they would not fritter out the money?

Mr. Speaker, the Central Bank's bail out is on the Memorandum of Understanding which the Member for Diego Martin North/East knows. I ask the Prime Minister why he stayed quiet and hid the Central Bank Report. I want to ask the Prime Minister another question today: The Central Bank made two recommendations; why did he bring only one recommendation to the House? Why did he not bring all the recommendations that the Central Bank made to the Parliament?

I had the document from the Central Bank which says that given where it is now—that is, the PNM being corrupted—and in the spirit of good corporate governance there would seem to be two options; one—the company that Monteil formed was Stone Street Capital and who were the members of that company? Monteil and his wife, \$43 million and you want us to come here and “buy cat in bag”? Never!

The Central Bank said if Stone Street Capital maintains its shareholding, there is a case for changing the legislation to eliminate the HBM special status and incorporate on the Companies Act, et cetera, and which would fall under the ambit of the FIA.

Mr. Speaker, we ask if that legislation is in place at this time to pass all this money in their hands when we do not know who will be appointed as chairman. The legislation was never passed. When we cornered the Prime Minister, he said it is something proper and he is going to take action immediately. I do not know if the Central Bank will behave in this matter as it did in the other matter having taken out its money from CIB too.

Alternatively, the Central Bank said it will consider using moral suasion—“Moral suasion wid dem ol' PNM tief?”—to convince Stone Street Capital to divest its shares and preserve the purpose of the Act.

The Central Bank then gave them certain advice, lo and behold they allowed Monteil to make profit over a number of years, \$15 million profit and just recently the hon. Minister in the Ministry of Finance said in the House that the shares were sold back to the National Insurance Board (NIB) where Calder Hart is still a member. He sent it back to Calder Hart, this is the kind of corruption that is taking place. We cannot trust you, you made \$15 million profit and Monteil was the Treasurer of the PNM. "De treasurer tiefing."

Mr. Speaker, why did the Central Bank not move on him? He was the Chairman of CIB up to eight months ago. Has the PNM now decided to go for CIB now he has gone? Is it a vendetta from the PNM to destroy the CIB to go at Duprey?

**Dr. Gopeesingh:** If the Government threatened not to pay, read that.

**Mr. S. Panday:** Mr. Speaker, this is important and serious business and when the Member for Diego Martin West made the statement that we want to pass this legislation, we are like him also, we want to pass the legislation but there are certain conditionalities. He said those persons who are giving evidence now at the Prof. Uff Commission of Enquiry, make sure that they go; give us the undertaking that they will never see any board for moneys which have been realized.

We join that call, we think it is a reasonable one, maybe it might be necessary that you give us an undertaking that before you appoint directors to any companies whose money came over due to the acquisition, that the Parliament must have a say in screening those directors in those companies, because we feel that you are already out to destroy CL Financial and go for Duprey because of the real or perceived problems of Duprey.

Mr. Speaker, there are too many thieves, vagabonds and rogues in the PNM for us to support legislation based on a memorandum like this which appears to be open-ended. Not at all! That is why we are asking to sit and discuss the memorandum to see what we can add and subtract. Let us discuss the point made by the Member for Diego Martin West because he made an important contribution and I am now substantiating the fears that the Member has by giving you concrete evidence of what took place.

Mr. Speaker, the Member for Diego Martin West indicated that we must have a bipartisan approach to this. I say we want to save the legislation and we have agreed, and the Member for Tobago East says he agrees with everything the Member for Diego Martin West has said. He said that he was genuine and some

*Central Bank (Amdt.) Bill*  
[MR. S. PANDAY]

*Monday, February 02, 2009*

of these Members are not genuine. You said that. You said there was merit in what the Member for Diego Martin West said, so we ask you now, since you are saying there is merit and since there are persons whom we cannot trust, are you willing now to discuss that issue? We are saying we are willing to discuss that issue.

Mr. Speaker, if we give them that not only the Parliament will be abused you know. When we come to this Parliament, we have a broadcasting policy which this House adopted and when the committees call in companies before the Parliament to be investigated and the people whom we all represent can see the work we are doing, the PNM shut down the committee. It raised the quorum in those committees to a number that if they do not come you cannot have a quorum, and you want to give them this kind of money to spend?

**Mr. Imbert:** We have no money here.

**Mr. S. Panday:** You are going to sell it and take it.

Mr. Speaker, we have a committee of the House to report to the people and they refuse to allow it to be broadcast. They want to hide everything, they want to hide the corruption so they will appoint Calder Hart and Monteil and we will know afterwards. And when they come before any committee, it will be done in private. The rules of the Parliament are so archaic and against the people, they say you cannot talk about that until the report comes to the Parliament. So by the time the report comes to the Parliament, it is old, stale news.

This is the system under which we operate and we have to protect the rights of the people, we have to protect the people's property, hence we are asking to talk about that too, let us put that in the cauldron.

**Mr. Imbert:** Anything else?

**Mr. S. Panday:** Anything else? That is the way you all behave. Important matter like this legislation which requires a special majority and you are saying: Anything else?

Mr. Speaker, as a matter of fact, they know what they are doing, they do not need our support, and they have a three-fifths majority. [*Crosstalk*] Do not try any smartness. You know that the Member for Diego Martin West is a man of integrity who will stand up against your corruption and you cannot stand him so you ditch the Member for Diego Martin West and begging us for support. That is the game. Members of the public, this is the game they are playing, so they are trying to set the people against us, they do not need our support.

They know what they have done, they know how vindictive and wicked they are, trying to prosecute him with the Cleaver Heights Project. So they want to

continue with that vendetta against him so they want us to come on their side to make him irrelevant. I am saying like the Member for Diego Martin West has said and which makes sense, and a reasonable person cannot help but take cognizance of what the Member has said.

Mr. Speaker, Clico asked for assistance in rehabilitating, PNM destroying. We ask why the Government wants to take private sector assets. Is that a new dimension in its policy? Has it now returned to state capitalism? Why does it want the assets of Clico, CIB and Republic Bank? Republic Bank is operating successfully; you said it is doing a good job, why do you want it? You said Republic Bank is functioning efficiently, you have confidence in the directors, yet you want the power to remove them. [*Interruption*] You hear, Mr. Speaker, she is saying she never said that. That just goes to show that the Member for Point Fortin has not read the memorandum as yet. I want time so that the Member can get time to read it.

**10.30 p.m.**

We are saying: Why do you not leave the private sector in the hands of the private sector? But we will leave it there.

In America, the Member here tried to make an excuse: “Oh, after it fell down, then Obama came in”. Brother, before you fall down or after you fall down—you are right, you want to take it away before it fall down and “mash” it up.

We are saying, why did you not tell Clico when it came: “Hear what happen, you want a bail out? Right. Bail out is temporary assistance. Look here, do like what the Americans did”—according to the Member for Diego Martin West—“if you want public funds, tell us what steps you will take to come out of the hole. Give us a plan.” I remember General Motors, Ford, everybody came to Washington. The first time they came in their jet planes and the public dealt with them. They sent them back and they said: “Look, you see what you bring here? We are not going to take state funds in order to assist you.”

**Mr. Speaker:** Hon. Members, the speaking time of the distinguished Member for Princes Town North has expired.

*Motion made,* That the hon. Member’s speaking time be extended by 30 minutes. [*Mr. R. L. Maharaj SC*]

*Question put and agreed to.*

**Mr. S. Panday:** Thank you very much, Mr. Speaker and thank you, Members on both sides of the House.

*Central Bank (Amdt.) Bill*  
[MR. S. PANDAY]

*Monday, February 02, 2009*

Because we are in the 21st Century, we must use 21<sup>st</sup> Century methods to deal with our problems and the government sent them back and said: “Come back with a better plan, with the strategies you will use to come out of the hole.” They came back with another plan. Maybe if they did not come with another plan they would have sent them back again until the bipartisan Congress would sit down and say: “Show us where you are going.” And as the Member on this side has indicated, a bipartisan position would have been taken; a bipartisan interview would take place which represents the views of the whole country and you will send them back until they come with a strategic plan to come out of the hole.

Why did you grab at this position in the first instance? Why did you grab to take it by its throat in the first instance? Why did you have to go for the jugular in the first instance? Why did you not bring other proposals? Or if you had other proposals, what were they? Why did you not tell this honourable House today: “Look, we have this alternative; we went there; we thought about this; we came there and at the end of the day this was the best proposal”? Do you think that that one proposal was the best proposal?

That is why we are saying let us sit and talk; let us work out whatever different scenarios that we can put in place for the benefit of the nation; for the benefit of the policyholders; for the benefit of the depositors. We want to protect the depositors, but at the same time we feel that State inefficiency and State corruption will frustrate any moves that we take.

That is why we are saying, let us talk; let us work it out and if at the end of the day we feel that this is the only way to go and we feel that to protect the depositors; to protect the society, this was the only way to go, well, indeed, we will go, but at the end of the day there will be bipartisan consensus. But no! PNM has its way; PNM has its own agenda; PNM has its spite; PNM has its vendetta against people and, as such, they do not care who is hurt in the process. They do not care who is hurt in the process; they are going to destroy Clico and that is what we are against.

My position is the position of all my colleagues on this side and you have heard them formulate it. It was encapsulated in the contribution of the Member for Diego Martin West. [*Interruption*] You were sleeping? You mean to say with such a valuable contribution “stick break in your ears”?

**Hon. Member:** Oh “gosh” man, that was crude.

**Mr. S. Panday:** The hon. Member for Diego Martin West spoke about the HCU and that is somebody who was a Member of the Government at the time.

**Dr. Rowley:** Hello, hello, I am a Member of the Government.

**Mr. S. Panday:** Oh, I apologize: “I am a Member of the Government.” I pay you the deepest respect, Sir. A Member of the Government is asking you: “Look, let us bring the country together.” A Member of the Government is saying: “Let us make the country feel that we, as a government and as a Parliament, care for everyone; that we are not vindictive.” A Member of the Government is saying so! One of your own is saying so! Are you rejecting the advice of one of your own? Are you going against the advice of one of the most senior Members here in the Parliament? If that is the case, I feel sorry for the young persons who have just come in the Parliament.

He says: “If you are making a move on Clico”—which I think is a wrong move; he thinks it is a right move, but that is the way you argue. He says he thinks it is a noble idea to take that position. I disagree with that idea; I say we should go for a bail out, letting them say how they could put their house in order. That was what debate is about. I respect his position, but I am saying there might be another position. This thing is too serious to rush it like this; to bring it from Saturday to now; it is too serious!

He was saying that you must not let one section of the community feel that you are discriminating against them. Never shall I speak about ethnicity and race, but we are a multiracial and a multicultural society; we are a society of diverse people and we, as a Parliament, should take every step to make every single person in this country feel that he or she belongs to Trinidad and Tobago. What the PNM is doing is driving a wedge. At the same time it wants to give the impression that it is assisting Clico and it is ignoring the depositors at HCU; dividing the society; making half of the society feel that you are discriminatory! But at the same time, you can “bust Clico throat”. This is the position.

I think I should read into the record, a letter from Dr. Wesley Debideen dated February, 02, 2009, written to the Hon. Prime Minister, St. Clair:

“Dear Honourable Prime Minister

Re: Intervention – Hindu Credit Union Co-Operative Society Limited (In Liquidation)”

They themselves, like Clico, are begging for intervention and when we take that and tie it with this, rehabilitation also:

“We act on behalf of the Board of Directors of the Hindu Credit Union Co-operative Society Limited...(hereinafter referred to as ‘the HCU’) from whom we have the following instructions:-

*Central Bank (Amdt.) Bill*  
[MR. S. PANDAY]

*Monday, February 02, 2009*

This letter was written by one Dr. Wesley Debideen, B.Sc., M. Phil., Barrister at law:

- “1. Pursuant to the several correspondence from the Board of Directors of the HCU to yourself we hereby appeal to your good conscience...”

That is what the Member for Diego Martin West was saying; we must have a conscience in this Parliament. They were appealing to the conscience, not to the strict law. So when you come here and tell us, that is cooperative law and this other law, they are not appealing to the law. The Parliament could do anything. As the hon. Member for St. Augustine said, Parliament can do anything except make a man into a woman or a woman into a man. So we have the power to do anything. Do not hide behind legal technicalities. We could change the law at any time, the 41 of us. They are appealing to your conscience out of equity. The Member for Tabaquite knows about equity:

- “...fairness and justice that due consideration be given to the survival of the Hindu Credit Union Co-operative Society Limited in like manner as afforded the CLICO group of companies...”

That is what the Member for Diego Martin West was saying. But do you know what they say? Although the Member for Diego Martin North/East agreed with the statement of the Member for Diego Martin West, he said: “They are in court; let the court see about that. We doh care; we wash our hands.”

**Dr. Moonilal:** Anytime you could withdraw the matter.

**Mr. S. Panday:** Anytime you could withdraw the matter, according to the Member for Oropouche East who is now studying law. He “done” study law; he is a lawyer. I continue:

- “2. On 28<sup>th</sup> January, 2009, the Government of Trinidad and Tobago decided to bail out CLICO and the said Minister of Finance, in her post Cabinet announcement stated in part:
 

‘To you, citizens of Trinidad and Tobago, ma(n)y of whom may have a financial tie of one kind or another, to a greater or lesser degree, with the CL Financial companies, AND ALL OF WHOM ARE DEPENDENT ON THE FINANCIAL INSTITUTIONS OF OUR COUNTRY, this is the time when we must show our mettle’
3. The Board of HCU wishes the Government of our Country to take into consideration that the HCU is also a financial institution of our country in which some 145,000 members have invested their monies...”

I want to say that credit unions are really for poor people; for the man with the last shirt on his back. Many people would not have been able to buy a shirt had it not been for the credit union movement, hence the reason the vulnerability of the credit union movement.

It is not only the 145,000 members who are there, but a number of members who received benefits. Everybody knows there was a time when policemen could not get their salaries; the credit union came out and bailed the police, so the police could work and protect the citizens of Trinidad and Tobago. This is what we talk about when we say they are appealing to your conscience. I continue:

“...Out of this number are approximately 5,000 depositors with deposits ranging between One Hundred Thousand Dollars (\$100,000) and Four Million Dollars (\$4,000,000.00).”

Many of those, as my friend said here, are poor people who—do you know the old saying, “you rake and you scrape and you make up a little thing”? People who have “banned their bellies”; people who have sacrificed; people who did not go to fetes and things like that and really tightened their belts, were able to rake and scrape a little bit of money and put it there. Many of those persons, the interest from that, they use that to help them in their old age to buy medicines. Do you know how many poor people are crying because they cannot get medicines? And CDAP does not have half of the drugs many of the times. It says:

“4. The Board of Directors of the HCU hereby requests that the Government of Trinidad and Tobago appoint a team to look seriously at its divestment plan of the 20<sup>th</sup> June, 2008 a copy of which is with the Ministry of Finance.”

So they have been talking all the time to you, but instead you pushed them in a corner where they end up in court and then say: “Because the matter is in court, I am not interfering.”

#### **10.45 p.m.**

Everybody could see through you and the tricks you are trying. Be fair! Be equitable! You do not have to be equal. The Prime Minister said once that equity does not mean equality. Poor people are crying. There are people in Caroni who were forced to take VSEP. They said that if they did not take it they would get nothing. Poor people 50 and 60 years old were forced to take VSEP. That is when the hon. Member for Couva North told the then Minister of Agriculture, Land and Marine Resources, “You have scorched the earth and the earth would never forgive you.” He was speaking from his heart for the lowest of the low in society. Those are the people who put their money in the HCU. Are they not people too?

*Central Bank (Amdt.) Bill*  
[MR. S. PANDAY]

*Monday, February 02, 2009*

Do they not want your help? Members here, I see how your faces have dropped. I know how you feel. I know how your heart is paining.

It continues:

“The Board further requests that the Government of Trinidad and Tobago give consideration for the provision of funding for the liabilities as relates to the divestment of the assets of the HCU...”

They have assets. For you to come here today and say that they have no assets, did you do a valuation?

The Member for Chaguanas West dealt with that kind of argument. What greater asset is there than the human asset?

**Mr. Imbert:** You cannot carry that to the bank.

**Mr. S. Panday:** That is the way they behave. “Yuh cyah carry dat to de bank.” That is the way this callous Government behaves. You want support from us?

“The Board further requests that the Government of Trinidad and Tobago give consideration for the provision of funding for the liabilities as relates to the divestment of the assets of the HCU and that a team from the Central Bank be appointed to work with the Board of HCU and the HCU Shareholders & Depositors Company Limited who have made a bid to the liquidator for the purchase of the major assets of the HCU in the amount of four hundred and forty-seven million dollars (\$447,000,000.00) a bid which has the full support of the shareholders.”

They have come with a plan. Have you rejected their plan? Tell us if you have rejected the plan of the HCU and what is your plan. Go to court! Die! People suffer and die. When you go to the hospital you die on a stretcher or chair. They do not get back their money to buy medicine or pay a doctor. Go to the overcrowded hospitals and sleep on the floor. That is what you are telling people. When they go to the drug store they cannot get CDAP drugs. Is that the PNM that cares?

The Member for Diego Martin West was saying that we must care and be a caring government. That is all he is asking. Nobody can be annoyed or vexed with that.

“The Board of Directors of the HCU looks forward to the same spirit of consideration that was afforded Clico, a consideration that we fully support,

so that shareholders and depositors of the HCU who are also citizens of this fair land of ours would be aided to ensure its survival and growth.

Yours respectfully

Dr. Wesley Debidien

Attorney-at-law”

Let me ask you something? Have you opened your envelopes?

“cc. All Members of Parliament

All Members of the Senate

The Attorney General...

The Governor of the Central Bank...”

Did you read it? Did you pay attention to it or you folded it and threw it away?

Every Member on this side of the House has poured out his heart to you. They have begged on behalf of all the people of Trinidad and Tobago, all the depositors and shareholders. We are saying that we want to help and we want the law to pass. We are asking you to give us that opportunity to discuss the matter in more detail. Let us discuss this matter so that there would be consensus and when we go to the public, we as a parliament representing all the people of Trinidad and Tobago, as the Member for Diego Martin West has said, would satisfy all the people.

That vision of 2020 which we speak about is the hope and aspiration of all the people of Trinidad and Tobago. We as a parliament must join to take us there. Without that we put it on the record that if this Bill fails, the PNM is the cause. Policy holders, if this Bill fails, PNM is the cause and they do not want you to get your deposits.

Thank you.

**The Minister of Finance (Hon. Karen Nunez-Tesheira):** Mr. Speaker, before I begin my formal contribution on the Central Bank (Amdt.) Bill and the Insurance (Amdt.) Bill, I will address statements or allegations which by now I should get used to from the Member for Siparia and her sidekick, the Member for Oropouche East. It is déjà vu because on the issue of the integrity legislation I was subjected to the innuendo, not very crafty I must say, but the attempt at and the subtlety with regard to my failing to provide the provisions.

I was brought a letter from the Registrar indicating clearly the date on which I filed—and I am up to date with all my filing—with regard to the integrity

*Central Bank (Amdt.) Bill*  
[HON. K. NUNEZ-TESSHEIRA]

*Monday, February 02, 2009*

legislation. I responded based on when the request was made of me from the Integrity Commission. I was subjected again to the innuendo and smirks from the Member for Oropouche East who delighted on the last occasion in telling me that this thing with the Integrity Commission would be my downfall. We are talking about bipartisanship. We come here in the interest of the country and this is the kind of thing to which we are subjected.

Again, I have to defend myself. In defending myself I bring to the attention of the honourable House, that like many people, we have accounts and make investments. I, like many people made two investments, one a property, an apartment and in entering into the contract to purchase that apartment, it was September 17. The date of completion was December 17, 2008. During that period of time I made withdrawals not only from CMMB, but also from other accounts that I had. I would not go into any details. They are free to check as they did with the Integrity Commission. I made withdrawals on September 17, December 03 and December 17 to pay for that property. If there is a law against my doing that and making a purchase, you have to tell me that.

Out of that same account I purchased a car and I made a withdrawal on August 20. [*Interruption*] No. It is not a Benz. It is a Honda and it was for my daughter. The point I am making is that I am not aware that there is any—if you have accounts whether with Unit Trust, CMMB, Republic Bank, wherever it is, as far as I am aware, I am free to make withdrawals from those accounts in order to make purchases. That is exactly what I did. They are free to check. Go to the Registrar of deeds where they register your property. Go and check it; see the date; see what I bought and see how much I paid for it. Whoever is giving you information go back and check every account on how much I withdrew from all my accounts in order to purchase that. I do not have anything to hide. [*Desk thumping*]

With regard to CIB, the Clico Investment Bank, as the Governor said, any information which came to him first as a regulator, I believe was on January 13 and then he would have told me about it by the middle of January. The point I am making is that I live in the country called Trinidad and Tobago. As a Trinidadian, I am privy to information about the business of certain institutions.

On December 31, I withdrew an account which had matured on December 31, 2008. You go and check it because when you were making your accusations, I wanted to ensure that I was accurate on the information and I called to get all the information that I had on every withdrawal I made in relation to those two

institutions. There are other withdrawals I made in relation to other institutions during that period of time. That is my contribution on their witch-hunt.

As the Member for Chaguanas West will be going to Switzerland tomorrow, I would make two points because I know that he would not be here. One is the price of gas or oil in Nigeria. Do you know when they have their budget read and the fiscal year begins? I think that you forgot to tell us. [*Interruption*] You do not remember. I will tell you when. It was on January 29, 2009. That is when they passed their budget and their fiscal year. That is what you call an inconvenient truth. That is immaterial. That is one little point for the Member for Chaguanas West. I will repeat it.

I am always hearing how the Minister said that the country is immune and she has misled the country. I am going to read and I will complete on the next day. This is dated March 04, 2008 when speaking to the Trinidad and Tobago Manufacturing Association with Karen de Montebrun, Dr. Trevor Townsend, Lynden Guissepi, Dr. Trevor Farrell, Miss Mary King and so on. What did I say on that day, March 2008? The topic was: Recession in the US Economy, Implications for Trinidad and Tobago. This is not what the newspaper said I said. I can tell you what I said. I am very happy to let you have a copy of it. With regard to trade I talked about:

Because of the increased demand for these products, meaning methanol and other lubricants, in China and India, an economic slowdown in the United States will not impact significantly on these exports and economic activity in our energy sector. However, should the price of oil fall consequent to a prolonged economic slowdown in the United States... I made this statement in March and in June/July the price of oil was US \$147.

However, should the price of oil fall consequent to a prolonged economic slowdown in the United States, a reduction in energy revenues can be expected as a consequence of lower energy demand. Also a prolonged economic slowdown together with a weakened US dollar could adversely impact Trinidad and Tobago's imports, in particular, prices of imported food, construction and manufacturing material from regions outside the United States.

**11.00 p.m.**

What did I have to say about the manufacturing sector? I focused on the manufacturing sector. I went on to say that the extent of such an impact could not

*Central Bank (Amdt.) Bill*  
[HON. K. NUNEZ-TESSHEIRA]

*Monday, February 02, 2009*

be determined at that time, meaning the economic slowdown. However, should the US experience an economic slowdown for a long period of time or should there be a recession, tourist arrivals to Caricom countries from the United States would be expected to decrease resulting in a reduction in foreign inflows and a fall in Government revenues.

I went on to say that the weakening of the US dollar and consequently the Trinidad and Tobago dollar in relation to the British pound and the Euro provided opportunities for our manufacturing sector to grow. I talked about remittances given the significant part that remittances play to some economies, a slowdown of US economic activity could impact on the spending powers of consumers of a number of Caricom countries which may indirectly impact the demand for manufactured goods from Trinidad and Tobago.

I made those statements and many more, but I only wanted to give, for the purposes of this evening, the statements I made stating that I never said that the US slowdown would not impact the Trinidad and Tobago economy. What I said was that when the stock exchange fell, not only in the United States, Europe and China, it did not impact our stock exchange because it was so thin and narrow. I have many statements to support that. To continue to say that I have said that the US slowdown or recession would not impact the Trinidad and Tobago economy is a falsehood. I will not only repeat that, but I will continue to give many other examples to refute that statement.

I thank you, Mr. Speaker.

#### ADJOURNMENT

**The Minister of Works and Transport (Hon. Colm Imbert):** Mr. Speaker, notwithstanding the histrionics on the other side, the Government does not wish to bully or railroad the Opposition. We have listened, as painful as it has been.

**Mr. Speaker:** [*Inaudible*]

**Hon. C. Imbert:** I am just adjourning. I am just explaining why.

Therefore, in order to give the Opposition the time to go through the amendments and the tables we have given them, I beg to move that the House do now adjourn to 10 o'clock on Wednesday, February 04, 2009, to complete these Bills. [*Interruption*] I know you asked for Friday, but we wanted to do it tomorrow, so we compromised.

*Annual General Meeting*

*Monday, February 02, 2009*

**Annual General Meeting  
(Postponement)**

**Mr. Speaker:** Hon. Members, before I put the question on the adjournment, let me bring to your attention two matters. One is that the AGM that was scheduled for tomorrow has been postponed and you will be informed subsequently of the date of the rescheduled AGM for the election of your executive committee.

**Mr. Ewart S. Williams  
(Right of Reply)**

**Mr. Speaker:** Hon. Members, I wish to make a ruling pursuant to the request of Mr. Ewart S. Williams for a right of reply.

You will recall that with the advent of live parliamentary broadcast on television, guidelines were announced in this House to allow for a right of reply by persons who are not Members of this honourable House, consistent with the recommendations of the joint select committee of Parliament. The guidelines provide that if a Member of this House makes an allegedly false statement, either intentionally or unintentionally, about a person who is not a Member of Parliament, that person has a right to have a reply placed on the public parliamentary record. Therefore, a person outside Parliament, who alleges that false statements have been made against him in parliamentary proceedings, must immediately upon or within a reasonable time after hearing or learning of the statements, request by writing to the Clerk of the House that he or she be allowed to reply to or to rebut the statements and that the reply or rebuttal be published in the *Hansard*. The request must be accompanied by a draft of the reply or rebuttal.

In considering the request, the Speaker must be satisfied that the subject matter of the request is not obviously trivial or that the request is not frivolous, vexatious or offensive in character.

When the Speaker rules that the person aggrieved be permitted to have a reply placed on the public parliamentary record, he may approve the reply or modify it and cause the approved or modified reply to be read into the public parliamentary record by the Clerk of the House as soon as is reasonably practical. The guidelines require that the media report the reply if it has reported the allegations giving rise to the same.

*Mr. Ewart S. Williams*  
[MR. SPEAKER]

*Monday, February 02, 2009*

I am to advise, hon. Members, that I have today received a request for a right to reply from Mr. Ewart S. Williams, Governor of the Central Bank, and I am satisfied that this request qualifies to be placed on the parliamentary record. I therefore direct the Clerk of the House to read the reply of Mr. Williams so that same can be received into the *Hansard* of this Parliament.

**Clerk of the House:**

A personal statement from the  
Governor of the Central Bank  
Mr. Ewart S. Williams

I am hereby requesting a right of reply to the statement made by UNC-A MP for Siparia, Mrs. Kamla Persad-Bissessar at a sitting of the House of Representatives held on Monday, February 02, 2009, that Ministers and the Governor of the Central Bank had used the information at their disposal concerning the state of affairs at CLICO Investment Bank (CIB) to withdraw their deposits and thereby protect their assets.

The facts are as follows:

- (1) I have two small deposits with CIB. CIB notified me on November 19<sup>th</sup>, 2008 that one of these deposits would mature on December 27<sup>th</sup>, 2008 and requested my instructions about withdrawal or renewal. On December 23<sup>rd</sup>, I gave instructions to withdraw. Let it be known for the record, that the Central Bank was not approached by CL Financial until mid January 2009.
- (2) The other deposit is still with CIB up to this time. I will insist on being given the same treatment as all other depositors.

I want to state categorically that I have never used my position for personal gain. I take the obligations of my office very seriously.

Ewart S. Williams  
Governor  
Central Bank

**Mr. Speaker:** As I said earlier in my ruling, it is expected that once the press reports on the statements made by the Member for Siparia, it is their obligation

*Mr. Ewart S. Williams*

*Monday, February 02, 2009*

likewise to report fully on what has been read into *Hansard*. This is the reply of the Governor of the Central Bank.

*Question put and agreed to.*

*House adjourned accordingly.*

*Adjourned at 11.09 p.m.*