

Leave of Absence

Tuesday, December 08, 2015

SENATE

Tuesday, December 08, 2015

The Senate met at 10.00 a.m.

PRAYERS

[MADAM PRESIDENT *in the Chair*]

LEAVE OF ABSENCE

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

SENATOR'S APPOINTMENT

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

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

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

TO: MR. WAYNE ANTHONY MUNRO

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

NOW, THEREFORE, I, ANTHONY THOMAS AQUINAS CARMONA, President as aforesaid, in exercise of the power vested in me by section 44(1)(a) and section 44(4)(b) of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, Wayne Anthony Munro, to be temporarily a member of the Senate, with effect from 7th December, 2015 and continuing during the absence from Trinidad and Tobago of the said Senator Daniel Solomon.

Given under my Hand and the Seal of the
President of the Republic of Trinidad and
Tobago at the Office of the President, St.
Ann's, this 7th day of December, 2015.”

Oath of Allegiance

Tuesday, December 08, 2015

OATH OF ALLEGIANCE

Senator Wayne Anthony Munro took and subscribed the Oath of Allegiance as required by law.

SENATOR'S APPOINTMENT

Madam President: Hon. Senators, there is another Senator to be sworn in but we are awaiting the relevant correspondence, so we will revert to this item when the correspondence arrives.

JOINT SELECT COMMITTEE (APPOINTMENT OF)

Madam President: Hon. Members I am in receipt of correspondence from the Deputy Speaker of the House.

“December 04, 2015

Sen. The Hon. Christine Kangaloo

President of the Senate

Dear President of the Senate,

Appointment of Members to Joint Select Committees

Please be informed that at a sitting held on Friday November 27, 2015, the House of Representatives appointed:

- Dr. Bhoendradatt Tewarie to serve on the Joint Select Committee to consider and report on a Bill entitled, *The Public Procurement and Disposal of Public Property (Amendment) Bill, 2015*; and
- Mr. Prakash Ramadhar, MP to serve on the Joint Select Committee to consider and report on a Bill entitled, *The Whistleblower Protection Bill, 2015*.

Accordingly, I respectfully request that you inform the Senate of these matters please.

Thank you.

Respectfully,

Esmond Forde, MP
Deputy Speaker”

PAPERS LAID

1. Special Report No. 1 of 2015 of the Ombudsman of Trinidad and Tobago submitted under Section 96(4) of the Constitution. [*The Vice-President (Sen. Nigel De Freitas)*]
2. Report on the Ninth Actuarial Review of the National Insurance System as of June 30, 2013. [*The Minister of Finance (Hon. Colm Imbert)*]
3. Second Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Siparia Regional Corporation for the year ended September 30, 2007. [*Hon. C. Imbert*]
4. Second Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Siparia Regional Corporation for the year ended September 30, 2008. [*Hon. C. Imbert*]
5. Immigration (Amdt.) Regulations, 2015. [*The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan)*]
6. Senior Citizens' Pension (Amendment of Schedule) Order, 2015. [*Sen. The Hon. F. Khan*]

URGENT QUESTIONS

**Statements by Central Bank Governor
(Decline in the Economy)**

Sen. Wade Mark: To the hon. Minister of Finance: Could the Minister of Finance inform this Senate of the specific measures the Government intends to take to forestall any further decline in the economy given recent statements by the Governor of the Central Bank that the economy is officially in recession?

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam President. [*Desk thumping*] Before I speak let me congratulate Sen. Mark for wearing a suit. [*Laughter*]

Madam President, the official source of data with respect to the economy is the Central Statistical Office. This is well-known to Members of the former Government, including the hon. Senator. The Central Bank is not a source of economic data. As a consequence, we are checking with the Central Statistical Office to determine whether there is any concurrence with the statements made by the Governor of the Central Bank.

You might recall, Madam President, that during the budget presentation in this place, in October, I made the point, and it is a matter of public record, that the Central Statistical Office was predicting a 1 per cent growth in the economy for

2015, whereas the Central Bank was predicting a 1 per cent decline, and at that time I made the point then—as I make now—that for the last 40 years, throughout all successive administrations, including the one of which Sen. Mark was a part, the authoritative source for statistical data with respect to the economy is the Central Statistical Office. In the circumstances it would be premature and precipitous to simply accept the statements made by the Governor without checking with the CSO first. Thank you.

Sen. Mark: Madam President, could the hon. Minister of Finance tell this House whether there exists a conflict between the Governor of the Central Bank and the Minister of Finance as it relates to whether Trinidad and Tobago's economy is in a recession or not?

Madam President: Sen. Mark, that does not qualify as a supplemental based on the question posed and the answer given.

Sen. Mark: Could I ask a question again? Through you, Madam President, could the hon. Minister of Finance indicate to this House, when does he expect his consultation to be concluded with the Central Statistical Office so that the country would be in a better position to understand the state of our national economy?

Hon. C. Imbert: Thank you, Madam President. This is not something that one rushes into, otherwise one might jump to the wrong conclusion, so I am not going to rush the CSO with respect to this matter. I expect within a few weeks they would be able to give me the answer that I require.

Declining Foreign Exchange Reserves (Government Measures to Protect)

Sen. Wade Mark: To the hon. Minister of Finance: Could the Minister of Finance inform this Senate as to the measures being taken by the Government to protect and safeguard the declining foreign exchange reserves against further erosion?

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam President. I think it is a matter of public record. I think the hon. Senator should be aware that I answered a question in this place—I think it was two weeks ago—where I indicated to the hon. Senator, and I assume he took note, that at the current foreign exchange reserves level, which is just in the vicinity of about US \$9.6 billion, we have 11 months of import cover. The international benchmark, the common rule of thumb for adequate foreign reserve cover is three months. So, Trinidad and Tobago is at 11 months, and if one examines all the indicators, we are well above the requirements for foreign exchange cover.

While it is a fact, and this is something I also said, I would hope that the hon. Senator would remember that the conversions at the commercial banks have been declining, and this is public knowledge—the newspapers are full of this information. Today, in fact, I saw an advertisement by Republic Bank, which has accurate figures, that the conversions of foreign exchange in the commercial market in 2013 was the order of US \$5.8 billion, with a steady demand of \$7 billion in the economy for foreign exchange on an annual basis.

As a result, in 2013, the Central Bank put about \$1.3 billion into the system to top up the \$5.8 billion being converted by the earners of foreign exchange. That fell to \$5.5 billion in 2014, and it is anticipated in 2015, as a consequence of falling commodity prices, that the conversions of foreign exchange into the commercial banking system by earners of foreign exchange will be in the vicinity of maybe \$4.6 billion, which has already caused the Central Bank to put \$2.6 billion into the system for this year.

10.15 a.m.

We are monitoring the situation as I said before. With 11 months of import cover, I do not think there is any need for us to do anything precipitous at this point in time.

Sen. Mark: Madam President, could the hon. Minister indicate to this Senate, given the fact that we have 11 months' coverage of import coverage and given the recent plummeting in the prices of both crude oil and gas, whether as Minister of Finance he is at all concerned with the stability of our foreign exchange reserves in Trinidad and Tobago?

Hon. C. Imbert: Thank you, Madam President. I will try and say this as clearly as possible. When we had the budget debate I pointed out that we did not expect significant earnings from the oil and gas sector in fiscal 2016. The budget was pegged at a price of \$45 for the basket of crudes in Trinidad and Tobago. And even though that was said, I noticed that a number of commentators are of the view that the WTI price should be the benchmark. I made it very clear that the basket of crudes was pegged at \$45 with a WTI price of \$41.

Now, WTI did drop below \$40 yesterday, but it has been averaging in that range, \$41 and so on, for the last couple weeks. The price of oil did not suddenly drop. The price of oil has been dropping for 18 months. So, we are constantly managing the inflows of foreign exchange, we are looking at import cover, we have no intention of moving the rate at this point in time and we can manage the situation. Thank you, Madam President.

Sen. Dr. Mahabir: Further supplemental, Madam President.

Madam President: Sen. Mark, will you give way to Sen. Mahabir? Yes.

Sen. Dr. Mahabir: Thank you very much, Madam President, for allowing me to pose this further supplemental question to the hon. Minister of Finance. Hon. Minister of Finance, could you inform this honourable Senate how the quantum of reserves—that is, the absolute quantity of foreign reserves that we have—has behaved over the last three months? Has it fallen? If it has fallen, by how much? Thank you very much.

Hon. C. Imbert: Madam President, with due respect to the hon. Senator, I did come into this place two weeks ago in response to a question. I said that the foreign reserves was \$10.3 billion in September and it is now \$9.6 billion. If one looks at the pattern, that is what has been happening, it has been a fluctuation. And the drop from \$10.3 billion to \$9.6 billion is a direct consequence of the injection of \$500 million. Do the maths.

Sen. Dr. Mahabir: So reserves have fallen. That is the answer?

Madam President: No, no.

Hon. C. Imbert: I indicated that two weeks ago.

Madam President: You are only allowed two questions—two supplementals on an urgent question.

ORAL ANSWERS TO QUESTIONS

International Monetary Fund (Oral Report on)

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

Could the Minister provide this Senate with an oral report on the assessment, findings and solutions presented by the team of experts from the International Monetary Fund who at the request of the Government visited Trinidad and Tobago after the General Election of 2015?

Madam President: Minister of Finance.

The Minister of Finance (Hon. Colm Imbert): Yeah, just one second, Madam President. Which question is this, Madam President? I have them here.

Sen. Mark: Question No. 2.

Hon. C. Imbert: Two, thank you very much. Madam President, at the request of the Government, an IMF team visited this country over the period September 18 to September 25, 2015. The mission examined a number of sectors of the

economy, including the Real Sector and its impact on the economic activity. In addition, this team looked at monetary development and the Government's fiscal operations. At the conclusion of the mission, the IMF team held discussions with officials of the Ministry of Finance including the Minister.

Madam President, this was an informal visit. It was not an Article IV Consultation. It was not a formal communication. The IMF team's findings are presently being discussed at the IMF's head office as part of their normal surveillance of IMF member countries.

It is expected that in the first half of 2016 the usual Article IV Consultations will take place. There will be an official visit from the IMF, the usual discussions with all stakeholders and the usual Article IV report from the IMF at some later point in 2016. As a consequence there is no report on the recent visit of the IMF to Trinidad and Tobago.

Sen. Mark: Madam President, would the hon. Minister be prepared to share with this honourable Senate some of the findings that he mentioned in his response that the IMF was able to locate during their visit to the Ministry of Finance and to the country?

Hon. C. Imbert: Thank you, Madam President. Madam President, many of the findings of the informal IMF visit have found their way into the budget presentation and the budget debate. Suffice it to say, that the findings of the informal IMF team are consistent with the findings of the Government with respect to the state that the economy was left in after the demise of the former administration. Apart from that, I would not be able to disclose the contents of our discussions.

Sen. Mark: Madam President, is the hon. Minister indicating to this Senate that these findings are secret and therefore the Senate would not be able to be privy to those findings?

Hon. C. Imbert: Thank you very much, Madam President. Madam President, I would say again, it was an informal visit. The findings are not formal. The IMF has a formalized method of communication with all of its member countries as the Senator is perfectly well aware, having been a government Minister for several years. I believe he is the longest serving Opposition Senator in this place, he knows that the way the IMF communicates with countries is through the Article IV Consultations. If I were to disclose the informal discussions I would be guilty of a breach of confidentiality and there is far too much of that taking place in this country today. So I am afraid I cannot disclose the confidential, informal consultations that we had. I have no intention of running afoul of any confidentiality provisions, whether in law or otherwise. [*Desk thumping*]

Sen. Mark: Madam President, through you again, could the hon. Minister explain to this Senate why then did that informal meeting find its way in an official budget document which was tabled in this honourable Senate if these findings and meeting were so informal? Why was it in the budget statement of 2015/2016? Could the hon. Minister share with this Senate, why?

Hon. C. Imbert: Thank you very much, Madam President. Since the hon. Senator is pressing me, the informal team found that the last Government had exhausted the cash reserves in the Central Bank, had sent the Government overdraft to almost \$9 billion, had pledged the Green Fund and the Unemployment Fund against the overdraft, had raided the National Gas Corporation of \$14 billion in cash, had increased our debt to GDP ratio to 46 per cent; and the informal IMF team simply confirmed what we had suspected all the time—that the last administration mismanaged the economy. That is what you want to know, that is what they found. [*Desk thumping*]

Sen. Mark: We will get the report shortly.

Madam President: Next question, Sen. Mark.

Leakage of Revenue (Details of)

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

- A. As it relates to the issue of transfer pricing, could the Minister indicate to the Senate the estimated value of the leakage of revenue suffered by Trinidad and Tobago and involving foreign branches of multinational corporations and national domestic businesses operating in Trinidad and Tobago over the past five (5) years?
- B. Further, could the Minister tell the Senate when he intends to introduce transfer pricing legislation to plug what he has described as “significant leakage” in our country’s revenue stream?

The Minister of Finance (Hon. Colm Imbert): Thank you very much, Madam President. Before I begin, it is interesting both urgent questions were from Sen. Mark to me. All four questions are from Sen. Mark to me and I am sure he will be responding to the debate on the matters before us today. I do not wish to say welcome back Sen. Mark. [*Laughter*]

Madam President, this Government intends to establish control over the negative impact of transfer pricing manipulation through the introduction of transfer pricing legislation, regulations and audit, with a view of protecting our

tax base while avoiding double taxation that would hamper our competitiveness for investment and trade. As multinational enterprises are said to account for about 60 per cent of world trade, transfer pricing has become the number one issue in the international tax arena.

In fact, Madam President, at a conference in London last year, I recalled that on the agenda—and this was at an economic conference—I recalled that one of the main items on the agenda was transfer pricing, and we were told that over 100 countries have already formalized legislation or regulation with respect to dealing with leakage of taxation through transfer pricing. But in Trinidad and Tobago, in the absence of a transfer pricing regime and a mechanism for monitoring and assessing transfer pricing manipulations, the estimated value of the consequential revenue leakage is difficult to determine. It will be imprudent for me to give you a figure. We just know that transfer pricing is taking place and it is when we put the legislation in place and we put an audit system in place then we will be able to quantify the exact numbers.

These manipulations can be formally assessed on a case-by-case basis after specific audits have been conducted which would take considerable time and resources. The experience of other countries is that these transfer pricing audits can take up two to three years because of the complexity. However, it is noted that tax administrations, which have implemented transfer pricing regulations, have reported significant additional revenue collected that represents several times the investment made in the tax administration and development of transfer pricing infrastructure.

The focus has always been in this country on direct taxation, corporation tax, but it is obvious that customs duties and value added tax can take a direct hit from transfer pricing. Transfer pricing influences the level of both direct and indirect taxes that Governments will collect as the potential exists through under or overpricing of the common duties basis on allocation of profits. It is grounded in Article 9 of the OECD and UN Model Tax Conventions, which establish arm's-length principles. In short, the arm's-length principle requires that related parties price their transactions with each other as if they were wholly independent parties. It ultimately seeks to allocate taxable profits between related parties to achieve a fair allocation of tax revenues among tax authorities.

The Inland Revenue Division has identified a number of areas which are relevant to transfer pricing, the transfer of components and finished products between plants in different countries, transfer of assets from one branch of a company to another, loans, management fees, guarantee fee, contra entries, for

example, withholding taxes, finance charges, expatriates, procurement services, conduit companies and intangibles. These are all mechanisms that multinationals use to avoid proper levels of taxation. In other words, as an example, if there is a subsidiary country in another country they would make a charge to the company here at an inflated price and then charge that as an expense, thereby avoiding proper taxation levels.

Part B: although transfer pricing mechanisms are predominantly concerned with cross-border transactions, we need to also look at our domestic legislation in the context of the international framework. The implementation of transfer pricing legislation and regulation is a significant and complex undertaking. It requires intensive training of specialists in tax administration and will apply to all subsidiaries of multinationals in Trinidad and Tobago. The benefits include the establishment of a tax administration environment to improve the doing-business competitiveness of Trinidad and Tobago and a platform for foreign investment. Once foreign investors know exactly what the rules are they become more confident in terms of their willingness to invest in Trinidad and Tobago—*[Interruption]*

Madam President: Hon. Minister, your time is up.

Hon. C. Imbert: No problem.

10.30 a.m.

Sen. Mark: Could the hon. Minister of Finance indicate whether national domestic businesses, apart from foreign multinational corporations, are also involved in this transfer pricing scheme which, as you said, robs the country of significant revenues? Has it been brought to the Minister's attention that national businesses in our country are involved in that kind of scheme as well?

Madam President: Hon. Minister of Finance.

Hon. C. Imbert: Thank you, Madam President. Any company that uses a foreign subsidiary or affiliated company to charge expenses which are then used to avoid taxation could be involved in transfer pricing. And let me just say that we expect to formalize this in the Parliament before the end of fiscal 2016. So we will be coming here with legislation and regulations. But any company that has foreign affiliates that charge expenses on cost incurred outside of Trinidad and Tobago, whether it is a local company that has foreign affiliates or it is a multinational, any such company could be involved in transfer pricing.

**Mass Transit System
(Details of)**

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

- A. Could the Minister indicate how far have discussions reached with the Inter-American Development Bank concerning the exploration of affordable options for a mass transit system?
- B. Further, could the Minister explain to the Senate exactly when the investment for this Mass Transit Project is expected to be finalized?

The Minister of Finance (Hon. Colm Imbert): As I said, Madam President, I do not want to say “welcome back, Sen. Mark” but all six questions are from Sen. Mark to me. [*Laughter*]

Madam President, the matter concerning the exploration of affordable options for a mass transit system is currently before the Cabinet-appointed Standing Committee on Physical Infrastructure chaired by the hon. Prime Minister. This committee benefitted recently from oral and visual presentations rendering a broad overview of the various options for mass transit systems. In fact, we were the beneficiaries of a presentation from an IADB team that was put together at short notice and visited Trinidad and Tobago a short while ago. The committee is awaiting a more detailed report of the IADB’s analysis of our specific transport needs and circumstances. We expect to receive this report by the end of February 2016 arising from the previous visit.

Answer to Part B: given the response at Part A, if all goes according to plan and the project is deemed to be feasible, the investment decision for the mass transit project will be made by the end of September 2016. However, I wish to stress that no decision will be made without a process of thorough and meaningful public consultation. [*Desk thumping*]

Sen. Mark: Would the hon. Minister wish to share with this House what were some of the options discussed as they relate to the mass transit system? What were some of the options that came to the attention of the Infrastructural Committee? Would you want to share some of those with us at this time?

Hon. C. Imbert: By all means. This is not IMF stuff. This is not confidential stuff. The IADB team looked at options of light rail, heavy rail, monorail, elevated railway systems, underground railway systems, tramway systems, bus systems; looked at the experience of a number of countries in the Caribbean, in Latin America in particular. There are a lot of experiences with respect to mass transit systems, most of which are railways. Quite a few are light railways, tramways and so on. They looked at costs; they looked at the time for completion; they looked at

the construction challenges and they are examining an array of options for us, whether it is a tram system, a light rail system, an elevated system, maybe an underground system in certain areas. For example, there has always been a proposal that there should be an underground section between City Gate and Cocorite because of the traffic congestion in this area; that it might be preferable to have a short underground section. But, of course, cost will come into play.

So they are looking at cost; they are looking at feasibility; they are looking at ridership; they are looking at the type of equipment and the speed of the vehicles and so on. So they are doing a comprehensive analysis of all possible mass transit systems available to Trinidad and Tobago in the context of the experiences of Latin America, and it is on that basis we will receive their recommendations at the end of February 2016.

Madam President: Sen. Mark.

Sen. Mark: Madam President, could the hon. Minister indicate whether, in the final analysis, it is the intention of the Government to maybe, once there is agreement, access a loan, finally, from the IADB to underwrite whatever final option is decided upon? Is it the intention of the Government to approach the IADB for a loan to underwrite this mass transit system, whichever option is finally agreed to?

Hon. C. Imbert: Madam President, the key words here are “feasibility, acceptability, compatibility with our current infrastructure, our society, our transport needs”. But yes, once everything goes according to plan, once the project is deemed to be cost-effective, once there is a good return on the investment, once it is not a burden on the Treasury, it is the plan to access a loan from the IADB at this point in time. Of course, other financing options are always on the table. There is no commitment. We have not signed any document with the IADB, but that is the plan, that they, having done the initial groundwork, would have satisfied themselves at a preliminary pre-feasibility stage that the project is feasible, making it easier for the loan to be accelerated and executed quickly.

Madam President: Sen. Mark.

Value Added Tax (Removal of Zero-Rated and Exempt Items)

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

- A. Could the Minister explain the rationale for the proposed removal of zero-rated and exempt items from Schedule 2 of the Value Added Tax (VAT) Act, and the process for making these items “vatable”?

- B. Further, could the Minister explain how this measure, along with the reduction in the rate of Value Added Tax from 15 per cent to 12.5 per cent, would result in an increase in government revenue for fiscal 2016?

The Minister of Finance (Hon. Colm Imbert): Yes, Madam President. The Senator is like a bad penny, showing up everywhere. [*Laughter*]

Since the introduction of the Value Added Tax regime by the VAT Act of 1989, a number of amendments have been introduced over time and we have moved away significantly from the original framework and original intent of this fiscal measure. These amendments have presented a range of administrative challenges and difficulties for the Board of Inland Revenue. It is now quite difficult to manage the VAT regime, especially in view of the high number of zero-rated and exempt items.

It should be noted that the revenue collection from VAT has deteriorated over the last several years and the system has become less efficient. For example, the actual collection of VAT declined from \$6.6 billion in 2013 to \$5.74 billion in 2014, and in most years over the period 2010 to 2015 the collection of VAT was over-estimated. In order to make up the shortfall, the previous government utilized a number of mechanisms, including the mechanism of tax amnesties, which brought in additional revenue. However, while even this Government, as we move from one regime to another, may utilize the mechanism of a tax amnesty—this is not decided yet—this is not a sustainable method of increasing VAT collection, since, if it is used too often, it will encourage taxpayers to avoid paying tax until it is absolutely necessary to do so.

As a consequence, in order to minimize revenue leakage and to improve collection, the VAT system must be reformed. We are therefore in the process of identifying the items. In fact, we are almost finished. I was privy to a presentation just last week where we were finalizing the list of items and we have more or less decided the items that would be now subject to VAT.

We are therefore looking at the items that presently exist in the zero-rated and exempt categories and determining the range of essential, basic, luxury and non-essential items so that appropriate adjustments can be made. I can tell you we are using the basket of goods that is used to calculate the retail price index as one of the indicators to determine whether an item is an essential item, a basic item, non-essential item, a luxury item.

Answer to Part B: apart from having the VAT regime as a revenue-raising measure, it is important that we continue the process of simplifying our tax laws to ensure a higher level of compliance. Generally, in the vast majority of

countries—and Trinidad and Tobago is no exception—reductions in tax rates have generally resulted in increased collections through simplification and greater compliance. That is actually our own experience here in Trinidad and Tobago. When the taxation rates were reduced to 25 per cent in the 2006 era, tax collections over a period of years, instead of going down, in fact, increased by 100 per cent from 2006 to 2013, even though the rates went down to 25 per cent. So we have our own experiences here of what happens when you simplify the system and you reduce the rate. We have actual experience of a 100 per cent increase in collections.

Madam President: Sen. Mark.

Sen. Mark: Could the hon. Minister indicate to this House whether he anticipates any inflationary pressures arising when the final list is issued on January 01, 2016 insofar as food inflation is concerned?

Madam President: Sen. Mark, that question is asking about anticipating something and I do not think it really arises as well, from what you had asked previously.

**JOINT SELECT/PUBLIC ACCOUNTS COMMITTEES
(REPLACEMENTS TO)**

The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan): Madam President, I beg to move the following Motion:

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

- (1) On the Public Administration and Appropriations Committee, that Mr. Wade Mark replace Mr. Rodger Samuel; and
- (2) On the Public Accounts Committee, that Mr. Rodger Samuel replace Mr. Wade Mark.

Question put and agreed to.

**DEVELOPMENT LOANS ACT
(INCREASE IN BORROWING)**

Madam President: Hon. Minister of Finance. [*Desk thumping*]

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam President. I beg to move Motion No. 1 standing in my name. In moving this Motion, I seek the leave of the Senate in accordance with Standing Order 48 to debate along with this matter, Motions Nos. 2 and 3 on the Order Paper which relate to the same subject.

Madam President: Is this the wish of the Senate?

Sen. Mark: No. Madam President, we have held discussions with the Leader of Government Business and we made it very clear that we are prepared to jointly address Motions Nos. 1 and 2 together, and we will then debate External Loans Act, which is Motion No. 3, separately. We had so advised the Leader of Government Business on the floor.

Madam President: Hon. Senators, leave not having been granted, we will proceed with Motions 1 and 2 together and deal with Motion 3 separately.

10.45 a.m.

Hon. C. Imbert: Thank you. Motion No. 1.

Whereas it is provided by section 3(1) of Development Loans Act that the Government is authorized, for the purpose of:

- (a) financing general development in Trinidad and Tobago;
- (b) repayment of borrowings effected for such general development; or
- (c) repayment of borrowings effected for general development;
 - (i) by a statutory authority within the meaning of the Statutory Authorities Act;
 - (ii) by an enterprise that is controlled by or on behalf of the State; or
 - (iii) by the University of the West Indies

to borrow from time to time money externally or internally in a sum or sums not exceeding in the aggregate thirty thousand million dollars in the currency of Trinidad and Tobago:

And whereas it is also provided in the said section 3(1), that thereafter such sum in such currency may from time to time be specified by Resolution passed by the Senate and the House of Representatives:

And whereas it is necessary for the Government to borrow further sums of money for the purposes stated in the said section:

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

Development Loans Act
[HON. C. IMBERT]

Tuesday, December 08, 2015

[*Interruption*] Madam President, we had planned to do the three resolutions together, but we will just do one and two and when we get to No. 3 we will deal with that in the appropriate manner since this is the wish of one Member of the Senate which is the procedure.

Now, Madam President, the resolutions for the first two matters will increase the statutory borrowing limit under the Development Loans Act, Chap. 71:04 from \$30 billion to \$45 billion, an increase of \$15 billion; will increase the statutory borrowing limit under the External Loans Act, Chap. 71:05 from \$15 billion to \$30 billion, an increase of \$15 billion; and as indicated we will deal with the Guarantee of Loans (Companies) Act in due course. Am I correct, Madam President, that the third resolution is the Guarantee of Loans (Companies) Act?

Madam President: No, no, no.

Hon. C. Imbert: It is not?

Madam President: The second is.

Sen. Khan: The third one is External Loans.

Madam President: The third one is External Loans.

Hon. C. Imbert: No, no. No problem. It was in a different sequence in the other place. That is quite all right. I will deal with it appropriately.

So, Madam President, we are going to deal at this time with the Development Loans Act, Chap 71:04 and the Guarantee of Loans (Companies) Act, Chap. 71:82, and we will handle the External Loans at another time.

Now to put this matter into context. On the achievement of Independence in 1962, the modernization of the country became the responsibility of the Government of Trinidad and Tobago. Through a range of policies anchored in five-year development plans, the Government began to lay down the foundation on which the citizens would strive for better lives. The socio-economic welfare of the population was central to economic plans and programmes and five-year development plans.

At that time, the evidence indicated that the defining feature of growth and development was an investment-led roll-out of infrastructure and the associated delivery of services. It was also understood at that time, and is still understood by most people, that the establishment of infrastructure should not be financed by current revenues. I will give you an example. The last administration financed most of the cost of the Point Fortin Highway from current revenues, which is

contrary to classic economic thinking. It was also understood, Madam President, that long-term financing for infrastructure and related services was considered to be more appropriate given the long-term usage of infrastructure, in particular, through intergenerational usage.

Successive generations paid for the use of infrastructure put down at one point in time. The experience of all advanced emerging and developing countries has borne out these conclusions.

Development Loans Act, Chap. 71:04: 1964, in furtherance of this economic strategy that you would want to have long-term financing for infrastructure, the Parliament put in place the Development Loans Act, Chap. 71:04. The Act provides for the Minister of Finance to borrow domestically and externally through the issuance of bonds for the purpose of financing general development in Trinidad and Tobago. Initial limits set by the Act in 1964 was US \$30 million or \$51 million at the then prevailing exchange rate of US \$1 to TT \$1.72. At today's exchange rate, the limit set in '64 would be almost \$200 million.

Subsequently, in the context of the need for resources while ensuring debt sustainability, the limit—that is the public sector debt relative to GDP—was reset in TT dollars as follows: in 1990, the limit under the Development Loans Act was increased to \$5 billion; 1994, \$7.5 billion; 1999, \$10 billion; 2002, \$13 billion; 2008, \$20 billion; 2011, \$30 billion. It was actually under the former administration in 2011 that the Development Loans Act limit was increased by \$10 billion from \$20 billion to \$30 billion, along with other increases.

I will skip the External Loans Act and go to the Guarantee of Loans (Companies) Act. In the 1960s, the Government began to assume a larger role in developing the economy by establishing public corporations which were assigned economic and commercial roles particularly in the areas where there were markets failures. Where the private sector, for example, was unwilling to intervene in light of the risk involved or the high capital requirements, the Government also began to intervene where it considered the creation of a corporation was of strategic importance; the development of the Point Lisas estate with a modern petrochemical and steel complex was a classic example of an area where market failure caused the Government to intervene. The establishment of the National Gas Company also met the strategic importance criteria.

There are many other companies operating in a commercial and economic field, and like any company they were required to raise financing on both the international and local markets. Without track records of performance,

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Government guarantees were required for these fledgling companies. So that is the historical context that in the late 1960s the then Trinidad and Tobago Government began to get more involved in developing the economy through the use of state corporations and these corporations had no track records and, therefore, a Government guarantee was required in order to allow them to borrow money for their projects.

The way the Government dealt with this was to establish the Guarantee of Loans (Companies) Act, Chap. 71:82. It provides for the guarantee, by the Government, of loans by lending agencies to companies in which the Government holds at least 50 per cent of the ordinary share capital. The Act prescribes a limit on the value of guarantees for borrowing by wholly and majority-owned state enterprises. Section 3 of the Act states that:

“...the Government may...

- (a) guarantee the discharge by a Company of its obligations under any agreement which will be entered into by the Company with a Lending Agency in respect of any borrowing by that company that is authorized by the Government;”

Since the enactment of the Act in 1969, there have been several revisions of the limits. In 1970, the limit was raised to \$70 million; 1972, \$120 million; 1974, \$200 million; 1976, \$400 million; 1978, \$1 billion; 1979, \$5 billion; 2002, \$9 billion; and in 2011 the former administration increased the limit under the Guarantee of Loans (Companies) Act by—I am afraid I will have to use this word—a whopping \$16 billion, from \$9 billion to \$25 billion. So that is an increase of \$10 billion under the Development Loans Act under the former administration, an increase of \$16 billion under the Guarantee of Loans Act, total of \$26 billion increase in the limit by the former administration in 2011. This is why I am a bit surprised that some of the comments made by Opposition spokesmen as if this is something new, this has never been done before, they did not do it, they do not know anything about it and they do not understand what it is for. I am a bit surprised at their amnesia, Madam President.

So there is a fourth Act that has no limit and this was—to borrow a word from the hon. Sen. Mark—secretly used by the former administration to borrow. The fourth piece of legislation is the Guarantee of Loans (Statutory Authorities) Act, Chap. 71:81. It provides for the guarantee, by the Government, of loans by lending agencies to statutory authorities as opposed to companies for public purposes. An example is the airport modernization, port development, water

production and transmission, electricity transmission, housing development by the HDC, public transportation by the PTSC and Carnival activities by the National Carnival Commission.

This Act does not prescribe a limit and as of November 2015 the outstanding guarantee loans under this piece of legislation stood at \$11 billion, and may I say this \$11 billion did not include any loans entered into by the present Government. The total limits and the available headroom under the legislation is as follows:

Under the Development Loans Act, Chap. 71:04—despite as I have pointed out—an increase in the limit under that Act of \$10 billion from \$20 billion to \$30 billion by the former administration in 2011, there is only \$200 million left. So they used up \$9.8 billion of the \$10 billion increase in the limit between 2011 and September 06, 2015.

Under the Guarantee of Loans (Companies) Act there is only \$2.6 billion of headroom left. So they used up \$13.4 billion of the \$16 billion of headroom created by them in 2011. So they increased the limit for the Guarantee of Loans (Companies) Act by \$16 billion in 2011 and they used up \$13.4 billion of that \$16 billion. And of the \$10 billion increased in development loans, they have used up \$9.8 billion of that headroom.

And so, Madam President, what faces the present administration? There is virtually no headroom in the loan ceilings; we have a number of liabilities that we have been saddled with by the previous administration and I will give some details in a short while. If you could just tell me, Madam President, how much more time do I have?

Madam President: My apologies. You have about 20 minutes left.

Hon. C. Imbert: There is no need to apologize, Madam President. [*Laughter*] Thank you very much for that. So, the previous administration came to the Parliament in 2011, increased our debt ceilings by \$32 billion and that included \$16 billion under the guarantee of loans; \$10 billion under the development loans; and the remaining \$6 billion/\$8 billion. If my maths are correct, we will deal with that when we come to the External Loans Act, the remainder under the External Loans Act.

So as I said, where does that take us today? Let me just read into the records some of the matters that we have been saddled with where loan agreements for contracts already executed by the former administration cannot be signed, because if I were to sign them, I would be breaking the law. I would be in fact executing a loan contract that would be unlawful under the various borrowing Acts. So I

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cannot sign them and some of these projects are very important. I see the hon. Sen. Samuel looking at me because one of them refers to that hon. Senator, and that is the construction of the Arima hospital which has a project value of \$1.85 billion.

11.00 a.m.

Madam President, let me repeat that. The Arima hospital—there are a number of projects—[*Interruption*]

Sen. Ameen: The people of Arima, not for the Members.

Hon. C. Imbert: Madam President, could you ask the hon. Senators opposite to allow me to speak in peace?

Madam President: Continue, please.

Hon. C. Imbert: Thank you very much. I know it upsets them but I would like them to let me speak in peace. Construction of the Arima hospital, project value: \$1.85 billion. The lender was the Export-Import Bank of the Republic of China. The decision was made by Cabinet in February 2013 and a commercial contract was executed on December 31, 2014 between UDeCOTT and China Railway Construction for TT \$1.3 billion. The other amounts, the other \$600 million of work is being done by others, and that is another matter that we are investigating. These projects are quite unusual where you have a construction cost of \$1.2 billion but a project cost of \$1.8 billion.

So that the soft cost—and Sen. Mahabir will know what I mean when I say “soft cost”. So the hard cost, the construction cost of the Arima hospital, \$1.2 billion; the other costs which are consultants’ fees and so on, \$600 million. The Couva hospital is the same thing. So whereas the international benchmark for soft cost—consultants’ fees and so on—is in the range of, say, 15 per cent for a project of this nature, we have a new phenomenon in Trinidad and Tobago where the former administration entered into contracts, these huge projects, billions of dollars, where the soft cost component is 50 per cent. I think this is worthy of a place in the Guinness World Book of Records that you would have construction cost, \$1.2 billion; other costs, \$600 million. The Couva hospital, same thing: construction cost is \$1 billion; other costs, \$500 million. So anyway, the fact of the matter is that the loan arrangement could not be signed because the headroom was just not available.

So what the former administration did is give the contractor a partial payment of mobilization, 10 per cent I believe, and just leave it, and then the election came, the Government changed. Now, as Minister of Finance, I have to deal with

this. So I am now faced with a contractor on site working, sending letters to the Ministry of Finance and to the Ministry of Health for payment and no payment arrangements in place because the limits, the headroom on the various legislation is exhausted. That is just one.

Another one, acquisition of the Chinese hull for the Trinidad and Tobago Coast Guard, cost \$230 million; commercial contract, July 04, 2015—just a couple of months before the election—between the Government of Trinidad and Tobago and China Shipbuilding Trading. No loan arrangements in place. That is another \$230 million which cannot be completed without dealing with the matter before the House today. That is just two projects. Let me give you another one.

Construction of the Point Fortin Hospital, \$1.6 billion. You will hear the numbers, Madam President. Arima hospital, 1.8; Point Fortin Hospital, 1.5; Couva hospital, 1.5. This is not millions I am talking about, it is billions I am talking about. So the three of them, in excess of \$5 billion for just three projects. And what is the fact with the Point Fortin Hospital? Commercial contract executed on December 23, 2014; loan arrangement currently stalled—that is what my note tells me—process currently stalled; awaiting all of the legal documentation and the execution of the loan agreement. So that is 1.8, 230, 1.5, so that takes us to about \$3.4 billion already with those three projects. Then we have the construction of the Couva Children's Hospital, \$1.5 billion. That agreement was signed which is what has pushed up the borrowing almost to the limit.

Export credit facility for the acquisition of naval assets, \$1.377 billion; 12 shipbuilding contracts signed in April 2015—again, just a few months before the election—between the Ministry of National Security and Damen. Status of loan: currently being negotiated, awaiting approval of increase in the fee cap; conditions precedent, and of course, awaiting approval for what we are about today. Commercial credit facility for the acquisition of naval assets—this is more money again for more naval vessels—\$200 million and loan agreement between the Government and Ansa Merchant Bank executed September 07, 2015. So that is yet another one.

Then we have all these projects here:

- Endeavour Business and Infrastructure Park, US \$93 million; TT \$600 million. Commercial contract executed on February 19, 2015 between eTeCK and China Harbour Engineering, deferred—“cyah sign the loan agreement”. Contract signed, “cyah sign the loan agreement”.

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- Transshipment and Dry Dock Project, US \$499 million; TT \$3 billion; contract executed February 11, 2014 between the Ministry of Trade, Industry and Investment and China Harbour Engineering. Status of loan arrangement: deferred. “Cyah sign it.”
- Development of six new industrial parks, US \$150 million; TT \$1 billion; contract executed on February 15, 2014. Status of loan: deferred.
- Acquisition of three unmanned aerial vehicles, deferred, TT \$100 million. Acquisition of four light-twin helicopters and one medium-twin helicopter, US \$81 million; TT \$500 million; executed on March 03, 2015, between National Operations Centre and Bell Helicopters, \$500 million. Status of loan: deferred.

So, Madam President, the former administration, unless they were all comatose when they were signing these contracts and each one has a Cabinet Minute associated with it—I will give you an example: the Endeavour Business Park, Cabinet Minute No. 3157 of 2013; the transshipment project, Cabinet Minute 231 of 2014; the six industrial parks, Cabinet Minute No. 2758 of September 2013; the naval assets for the Trinidad and Tobago Coast Guard, various Cabinet Minutes of 2014; the hospitals that I spoke about: the Arima hospital, Cabinet Minute 442 of 2013; the Chinese hull, Cabinet Minute of December 2014; the Point Fortin Hospital, Cabinet Minute 255 of 2014.

So unless they were all comatose in Cabinet, they cannot now come and tell us that they are not aware that they entered into these projects. If you add it up, you get \$11 billion, hon. Senators—\$11 billion in contracts where the loan arrangements cannot be signed and yet the former Prime Minister, the now Leader of the Opposition, is asking what is this for. Sen. Mahabir, you will have to excuse me: when I get a question like that, I get “kinda tizick”. [*Laughter*] Because when I look into the records, \$11 billion in contracts executed with international agencies, with foreign Governments; \$11 billion in contracts, no loan arrangements in place, “cyah sign the loans”, and there are penalties. This is the treasonous nature and I have to use the word “treasonous”. [*Desk thumping*] It is tantamount to treason when a Government signs contracts that it knows it cannot borrow the money for and it knows it does not have the cash for, because the Central Bank overdraft is running at \$9 billion and this has been going on for 12 months; this is what I am told. That the cash balances in the Central Bank closed up to the \$9 billion limit for all of 2014 and into 2015.

They have taken out all the money from the NGC, “running ah deficit”, so you cannot use your current revenues to finance these projects; you enter into these arrangements, \$11 billion in contracts, you “cyah” sign loan agreements because the headroom on the various bits of legislation is exhausted, and you hand that to the incoming Government and say, “take that and deal with that”. And then when the incoming Government comes in to make sure that we do not break the law because we are paying US \$8,000 a day for just one of these contracts because we have not signed the loan agreement. The Government cannot sign the loan agreements because it will bust the borrowing limit. We are paying US \$8,000 a day in penalties—TT \$50,000 a day—on one of these contracts. That is the gift that has been handed to this new administration.

Then we come here, the former Prime Minister says, “it is dangerous, what you doing that for?” Well, what would they want us to do? Walk away? Stop the Arima—where Sen. Samuel gone? Stop the Arima hospital? Stop the Point Fortin Hospital? Renege on the payments for the Couva hospital? Send back the boats to Holland, the Damen vessels? Send back the Chinese vessels? That is what they want us to do? Become international pariahs in the international community? Renege on all our contractual arrangements and refuse to enter into the loan agreements? That is what they want us to do?

Madam President, sometimes, I am astonished at what I hear, the rhetoric I hear from the other side, and I am just giving one example. The hon. Minister of Housing and Urban Development, in the other place last week, gave another example. Read out \$10 billion in contracts executed at the Housing Development Corporation, \$10 billion. A contract up in Arima in the Trestrail Farm area, \$1.4 billion for 1,000 houses or thereabout; a contract by Indian Trail, \$1.6 billion for another 800 or 900 houses; a multitude of other contracts all over the country. When you do the math, you get \$10 billion in unfinanced projects entered into by the former administration at the Housing Development Corporation.

Contractors on site, no money, no loan arrangements, unfinanced; that is now 11 plus 10: \$21 billion in unfinanced projects that we have been handed as a gift by the former administration. And when we come to this honourable place to increase the limit, they say, “it is dangerous, we must not do it”. You know, it is very difficult to deal with the Members opposite, Madam President. Very, very difficult because they do not live in Trinidad and Tobago. It is obvious that they do not live here, I mean, when one looks at what happened. And we have no choice, in order to get our infrastructure programmes going and in order to develop the productive sector; in order to open up areas of the country so as to

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stimulate economic activity, to open up rural areas such as north-east Trinidad—that is what the purpose of the first-class road to Toco is, and the construction of the port in Toco. That is what that is all about. To build a first-class road to Moruga and to build a fishing port in Moruga. All of that is geared towards opening up the country for economic development.

To build a ring road around Chaguanas. I do not know how many hon. Senators reside in or around the Chaguanas area, but the traffic in Chaguanas is horrendous. You try to get from one side of the highway to the other side, you better be prepared to wait an hour in some situations. Just to travel 100 feet to go from the PriceSmart side to the Felicity side, you better be prepared sometimes to wait for an hour to pass through that traffic, so we must build a ring road around Chaguanas. But how are we going to build this road if the cash balances in the Central Bank are being exhausted, if the dividends in NGC have been exhausted, if we have a collapse in commodity prices so that we are not getting the current revenues that we need at this point in time, and the borrowing limits have been exhausted? How? “Wave ah magic wand?”

So that I would expect that, from the Members of the Opposition, we would get a reality check, Madam President, instead of rhetoric.

11.15 a.m.

Let me all look at the deficits that the former administration entered into. In 2011, a deficit of \$4 billion, a budget deficit; in 2012, a budget deficit of \$3.5 billion; in 2013, a budget deficit of \$5.3 billion; 2014, a budget deficit of \$4.9 billion; 2015, a budget deficit of \$7 billion. And if you take half of 2010, that is another \$1.4 billion; \$27 billion in accumulated deficits over the tenure of the last administration.

And, you know, I heard Members of the other side, in another place, saying: “oh we had systems in place to deal with the 2015 deficit. We would have got money from the Phoenix Park IPO. We would have got money from the TGU”. It makes you wonder what world they are living in. If the Phoenix Park IPO had come in before the end of the fiscal, if the TGU money had come before the end of the fiscal, and it could not, because as usual just like all of these projects here, they did not do their homework, they did not put the arrangements in place, so it could not be done. There is a lot of legal paperwork. You have to get an opinion from the Attorney General in these matters, to make sure that everything is in conformity with our laws. You have to sign a number of guarantees, and so on. They did none of that, but they expect a magic wand to be waved and money just

flowing from the IPO and the TGU repayment of past borrowing; it just flows. You just do so “waash” and money just comes. That is not how you run a country. You have to do the paperwork. But anyway, even if by some magic, those inflows had come in before September 30, all that would have done is transfer the problem into 2016.

It is the same basket of funds. I am sure that Sen. Mahabir knows what I talking about. So if the IPO money had come in in fiscal 2015, all that would do is make it not available in fiscal 2016, simple. But you wonder, when you hear hon. Members opposite, “oh, they could have reduced the deficit in 2015, from \$7 billion down to \$5 billion or whatever because the IPO money would have dealt with that. No problem, then you would just have a bigger deficit in 2106, because the metrics are the same. The revenues from oil, the revenues from corporation tax, the revenues from income tax—the metrics are the same. So whether the cash came in just before the end of September, or it came in in October, it makes no difference.

Therefore, Madam President, I am coming to this Parliament, we are coming, the Government of Trinidad and Tobago is coming to this Parliament today to seek an increase in borrowing limits. As I said, this is nothing new. This has been done time and time again. It has been done since the 1960s.

When you look at the debt-to-GDP ratio, because we are going to be fiscally prudent, when you look at the actual figures, in 1991, the country’s debt-to-GDP ratio was 70 per cent. Remember the NAR had taken the country into the hands of the IMF in the 1986 to 1991 period because of the collapse in commodity prices. Things were not good in that period. From 1986 to 1991, things were bad because the oil prices had collapsed from \$40 down to \$9. Between 1980 and 1986, it went from \$40 to \$9. So things were not good. There was a change of Government and the NAR Government took the country into the IMF.

Coming out of that IMF, those back-to-back standby arrangements, the debt-to-GDP ratio in 1991 going into 1992, when the PNM came in in 1992, the debt-to-GDP ratio was 70 per cent. The PNM managed to bring that down to 62 per cent by 1995.

By 2000, with stabilization of commodity prices, increases in oil prices, the debt-to-GDP ratio stood at 51 per cent. And during the era of the previous PNM administration, between 2001 and 2010, the debt-to-GDP ratio dropped to 32 per cent; from 51 when we came in 2001 to 32 per cent in 2010, when we demitted office on the last occasion. In the middle there, when commodity prices were really high in 2007 and so on, we managed to get our debt-to-GDP ratio down to below 20 per cent, but it crept back up to 32 per cent, again with the collapse in

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commodity prices in the 2008 period. So that, what happened over the last five years, the debt-to-GDP went back up from 32 per cent, which is where it was left 2010, to 46 per cent in 2015, Madam President.

Now, when you look around the world, when you look at the situation in the European Union, Madam President, when you look at—you cannot use the United States as a good example. The United States has the world's favourite currency, the US dollar. They have trillions of dollars in debt. Their debt-to-GDP ratio is phenomenal. They are always running out of cash. They always have a fiscal cliff and a clash between Congress, Senate and the President and tension. They stop paying public servants sometimes for a little while and then they get over it and they move along. So the United States is not a good example of debt-to-GDP ratio, and so on. But because they are the world's favourite currency they solve it by just printing more US dollars. That is all they do. We cannot do that in Trinidad and Tobago. We cannot print more Trinidad and Tobago dollars. We have to make sure our assets match our currency in circulation.

So, we have to look around the world and look for some good benchmark. We cannot use the United States, as I said. We cannot use Japan where they have debt-to-GDP ratios of 100 per cent, and so on. We cannot use those countries. So that, we have to look around the world and look for a good benchmark, and we have looked to the European Union and looked to the countries in the European Union, in terms of what is a desirable debt-to-GDP ratio, as we get out of this situation that we are in right now.

Now, Madam President, when you are calculating the debt-to-GDP ratio you have to use the GDP at market prices, because when the economists look at the economy they use something called constant prices. So when you were talking about growth in GDP, you have to relate it to a particular era and we use 2000 as our benchmark year to look at the growth in GDP year-on-year. You reference it to a benchmark, the year 2000, and then you look at your GDP constant prices. So if in fact we are to examine, which we are doing, what is the GDP of Trinidad and Tobago at constant prices, we will use the 2000 benchmark to do that. In reference to something we spoke about a little while ago, this is what the CSO would be looking at; use the established benchmark, constant price is 2000 and look at the change in GDP in 2015, to see in fact whether it has remained flat, whether it has decreased slightly or whether it has increased slightly. And I wish to repeat that in October, the CSO was telling us that based on their calculations there would be a 1 per cent growth in the economy in 2015 and the Central Bank was saying quite the opposite; that there would be a 1 per cent decline in GDP.

The point is, when you are looking at your debt-to-GDP ratio you have to look at the market prices. So our market GDP at this time is about \$170 billion, more or less, and we expect that by the year 2019, looking at the growth in GDP over the last 20 years, that the GDP in 2019—well in 2016, we expect it to go to about \$173 billion. This is not at constant prices I must stress, this is at market prices; 2017, \$182 billion; 2018, \$191 billion; 2019, \$200 billion at market prices at that point in time.

So that, when you look at the borrowing limit of \$120 billion, which would occur once this honourable Senate approves the matters before it, you would be looking at a debt-to-GDP ratio of somewhere in 2019, at about 60 per cent and if we achieve the limits, which we will not, in 2017/2018, because these things take time to get going, you would be looking at theoretical debt-to-GDP ratios of 65 per cent, 63 per cent and so on. But there is no way we can burn up \$50 billion in two years. That is not possible. We are not the UNC. They could do that. One thing they could do is spend. They could spend. [*Desk thumping*] They could spend money. But we in the PNM, we do things in a structured manner.

We just spoke about the mass transit system.

Madam President: Minister, you five more minutes.

Hon. C. Imbert: Thank you very much. I am almost finished. We do things in a structured manner. We have gone to the IDB. They are doing the pre-feasibility for us, then we make an investment decision at the end of 2016, and then you start to do your invitation of tenders, and so on. You award a contract, maybe at the end of 2107, and it starts to kick in 2018. That is the mass transit system. We are not like them. We do not go and sign contract today and order the goods tomorrow. We do not order naval vessels from Holland without signing a contract. I do not know if Senators opposite know that is what happened. The boats arrived on credit, no loan agreement, no nothing. They came on trust. We do not do that.

So we are looking at a debt-to-GDP ratio at the maximum of maybe in the vicinity of about 60 per cent, if we are able to do our programmes over the next five years. And the average debt-to-GDP ratio in many of the developed countries is about 65 per cent. So we do not consider that this is extreme, and Trinidad and Tobago has had debt-to-GDP ratios of higher than that. On many, many occasions this country has had the resilience to manage this and we do not see this as difficult. It has been done on many occasions before and we expect, as we diversify our economy, that we would be able to manage a debt-to-GDP ratio of 60 per cent, if this becomes necessary. But there is no other way we can develop this country.

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As I indicated, the cash balances at the Central Bank have been exhausted. And, you know, it is really not the right way to run a country. You do not do your projects cash. Who does that? Only billionaires write a cheque from their current account when they are going to buy a new mansion. Only billionaires do that. But other people, normal people, will go to the bank and take out a loan. That is what countries do. Normal countries, when they have to do things, when they have to build a highway costing \$8 billion, they do not build it cash. They go and they negotiate a loan with a multilateral agency, get a moratorium on payments, get low interest rates, get it spread over 20 years. That is what normal countries do. But what this former administration did, they took \$16 billion in cash out of the Central Bank and used it for their projects. They took \$14 billion out of the National Gas Corporation in dividends and used it for their projects.

We do not intend to be so fiscally irresponsible, Madam President. [*Desk thumping*] And that is why we are here and I expect—I am ready to answer any question posed to me by hon. Senators opposite. I am particularly interested in what the Independents would have to say because I am certain it will not have any rhetoric in it. I am sure that what the Independents will tell me would be cogent and purposeful and I am willing and ready to answer any question and I beg the approval of this Senate, with respect to these two Motions. I beg to move, Madam President.

Question proposed.

Madam President: Members are reminded that leave has been granted to speak on Motion 2 as well.

Sen. Wade Mark: Thank you very much. Madam President, I am very happy to join this debate on two very important Motions before this honourable Senate. Madam President, the grim reality facing our economy has not really been properly addressed by the hon. Minister, who has come to this Senate seeking an increase in the loan ceiling amounting to \$35 billion.

What we get from the hon. Minister is old talk, cheap talk, [*Desk thumping*] and the hard and harsh reality facing our country—this is the second time he has run away whenever we get up to speak, disrespectful and contemptuous not only of our Standing Orders, but the House itself, but—[*Interruption*]

11.30 a.m.

Madam President: Let us not comment on other Members, please.

Sen. W. Mark: I will refer to the Standing Orders. Okay, no problem, no problem. So, Madam President, Trinidad and Tobago under the PNM after three months almost, is in a state of, what you can call, “economic standstillism”. [*Desk*

thumping] This is what you call a NATO-Government. [*Laughter*] No action, talk only. That is all they are about. Six hundred workers laid off yesterday. Workers are losing their jobs all over the country every day, and all we get from this Government is old talk.

“Yuh come”, for new money, \$35 billion, but you did not bring a plan along to convince this Senate and the population, that you know what you are about. Madam President, what is the grim reality facing Trinidad and Tobago today? Whether he likes the governor or he hates the Governor of the Central Bank, that is his business. I will bring it up in the next debate a little more to deal with that matter.

There is a recession. He says there is no recession. An engineer is telling an economist who is the Central Bank Governor; no recession. “Yeah, he say he waiting on facts.” He is going and consult with the Central Statistical Office, but there are four quarters of negative economic growth in our economy so far. There are four quarters of negative economic growth in this economy thus far, but you say that there is no recession. The economy is in a state of contraction.

Hon. Senator: Since when?

Sen. W. Mark: I am not speaking to you now. [*Laughter*] The country’s external position is coming under more and more pressure in this country. The central government—Madam President, fiscal position is worsening. We are told that the fiscal deficit is going to be \$3 billion. Reality tells us it could be between \$8 billion and \$10 billion at the end of fiscal 2016. Not to mention the public debt which is on the rise, and you come here and telling this country and this Senate, you want \$35 billion more to develop this economy, but you offer no plans, you offer no strategy, you have no programme, and you are visionless, as you are clueless, as you are hopeless. This is a hopeless Government—directionless. The country is going nowhere fast under this administration; nowhere fast. [*Desk thumping*] And you come here with old talk, fighting the governor when he should be growing the economy. “Da’is what yuh doing.” [*Desk thumping*]

Madam President, “yuh know what de people asking?” I will tell you what the people are asking, and what he is not addressing. The people are saying: What are your plans? They are concerned about this economy. What are your programmes on which these loans of \$35 billion will be spent? Not a word, just old talk, ring road around Chaguanas, something in Toco, “da’is how you deal with ah country when yuh coming for \$35 billion?” Where is your economic plan? Where is your economic strategy? Where is your fiscal strategy? [*Desk thumping*] There is nothing before us, and you are in office almost three months.

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And, Madam President, the key question is not what you are going to borrow. The key question that people are asking is how is the Government going to repay what they are going to borrow? [*Desk thumping*] We have gotten no answer from the hon. Minister. All he does is to spend his time going back into the past, back in times. He likes back in times music. People are going forward ever; he is going backward ever. That is why you are in power. People want you to do their work.

Madam President, what are the plans and programmes on which the loans will be spent? We need to know; that was not made clear by the Minister of Finance. He spent time focusing on money utilized by the previous administration, but he did not tell us what are his plans to deal with these new funds that he wants approved today. We ask the question: Are these moneys going to be spent on vanity projects, such as the so-called rapid rail? Or are we going to get what the Prime Minister then promised during the campaign, a ply board factory? That was his vision of growth and innovation and transformation and development—a plywood factory.

We want the Minister to tell us and to provide us with a list of projects, and the cost of those projects under the respective heads, as it relates to these Motions. We want to know what you are going to spend the money on, but we are not getting this. Where is the plan? How are they going to repay these loans, \$50 billion, although \$35 billion in these two Motions? But this comes at a time when there are falling prices in terms of oil, in terms of gas, in terms of petrochemicals, in terms of other commodities in the country and in the global economy? “Yuh coming” to borrow, but you are not telling us how you are going to repay.

Madam President, what we are asking for is not rocket science, “yuh know”? Sen. Henry who is here—or, he disappeared; he was here a short while ago—when he spoke on Friday, September 09, 2011, he asked the question and I raise it here. And I quote him at 11.45 a.m.:

“...one of the main problems with this extension of the Government’s spending limit...”

—that was the hon. Winston Dookeran at the time:

“...is that it is coming at a time, of course, when we are not seeing very bright prospects for revenue generation and for real economic growth...”

This is what Sen. Henry was saying back in 2011. Where was the revenue going to come from? Where was the economic growth going to come from?—but he came for support. He said we have no problem necessarily with the idea of

increasing borrowing. What are you borrowing for? That is the question that we are asking, that he had asked then, and how is this borrowing going to be repaid? What kind of programmes have you generated that would ensure us that enough growth will happen so that we will be able to repay this money down the road? That is what Sen. Henry told the Senate in September of 2011.

The Member, who is now Minister of Finance, when he was in another incarnation, what did he say? What did he ask when a same attempt was made to raise the ceiling, Madam President? Hear what he asked—that is the hon. Minister of Finance—on September 07, 2011. And I quote:

“We want to know what you are going to spend that \$16 billion on.”

That was on the Motion dealing with the guarantees of company loans:

“That \$16 billion is effectively mortgaging the future of this country’s children because it is the children of the future who have to pay back that \$16 billion which they intend to borrow for state enterprise projects.”

That is what the then Member—now Minister of Finance—was asking, Madam President. He goes on:

“...what does this Government want us to agree to allow them to borrow \$16 billion to do? There is no way I could agree to a \$16-billion increase in our ceiling with that threadbare presentation coming from the Minister of Finance with no indication whatsoever on what you are going to spend the money.”

So, Madam President, here it is we are asking the very question that the hon. Member, who is now Minister of Finance, was asking in 2011. You are coming to ask for moneys, \$35 billion, but you offer us no perspective, no plans, no programmes as to how this money is going to be spent.

And, Madam President, I want to tell you that the country and the people are worried. The ordinary people are concerned as to where this economy is going. They want to know where this economy is going and where the PNM is taking this economy.

11.45 a.m.

Madam President, you would know, and any Member of this honourable House would know that in any part of the world before one approaches a bank or a credit union, or any lender to borrow money, one should know how much one wants to borrow. In addition, you need to know the purpose of the loan. What is the purpose of the loan one is seeking, and what is the possible impact of these

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loans on the overall finances? Nobody is going to lend you money without you having that capacity to repay. So we are asking the question, why is the Government seeking to put the cart before the horse?

I am convinced that this Government does not have a vision, does not have a plan, they have no purpose in terms of the road forward. They are literally governing by “vaps”. They are borrowing by “vaps”, Madam President. It is indefensible, it is reckless, and it is bordering on lunacy for a Government to come to this Parliament and seek our approval for \$35 billion and they have no plans, they have no programmes, no projects, and they want us to sign a blank cheque for them to have a good time at the expense of the nation.

Sen. Gopee-Scoon: Tell us your plan.

Sen. W. Mark: No, you are in Government, that is why you are there. [*Desk thumping*] You must tell me your plan for the country; that is what you must tell me. You want me to tell you our plan? Why I must tell you our plan? [*Crosstalk*] You resign first and we will come across there and take your place [*Desk thumping*] and then we will tell you our plan. You cannot govern the country—leave. You cannot govern—go. That is what you have to do and then we would tell you what our plans are. You understand, Madam President? Yes.

So, Madam President, what are some of the economic issues I want to draw to your attention today, and this House’s attention?—rising debt-to-GDP ratio. We are told by the hon. Minister, 46 per cent now; where it would be later, he says nothing. So we have to look at the possibility of the rising GDP, debt-to-GDP ratio with this approval this evening here. We have to look in the absence of no plans and programmes and projects to the possibility of a downgrading of this country’s credit rating. We understand that Standard & Poor’s is supposed to be visiting here within the next two weeks. That is what we understand, unless you tell them do not come. If you tell them do not come, they would not come, as how you invited the IMF to come, they came. So if you tell them do not come, no problem.

So, Madam President, we have to look at the possibility of a downgrading of the country’s credit ratings. We have to look at the possibility of rising inflationary pressures on our country. We have to look at the possible increases in lending rates already. You know what is the prime lending rate I understand, Madam President? Close to 8.75 per cent, close to 9 per cent already in Trinidad and Tobago. There is also a possible pressure on systemic liquidity, and, of course, there is also the rising cost of living for the poor and the vulnerable in our country that we must protect at all costs.

The Government has to pay attention to poverty and the rise in poverty if they continue to stand still and do nothing. This Government reminds me of a street light, or a light pole, a street sign, all they do is to just stand, they are giving light, they are not going anywhere you know, but they are pointing. They are talking but they are not acting. They are not doing anything—"ole talk". We have to be conscious that if we do not manage our economy properly there will be a rise in criminality and violence in our country. Already the Government has indicated wage freeze and salary freeze is going to be the order of the day in this country. They have started at NGC, and I can predict today that this Government is going across the board with a general wage freeze and salary freeze in this country. Not to mention rising job losses, you have seen it has already begun.

Madam President, when you want to deal with these loans, like for guarantee for state enterprises, we need to find out from the Government exactly which state enterprises it is going to be supporting, right, which state enterprises, where is the money going—in that regard. These are matters, and so on, that the people would like to know. Madam President, it has been said that money should always be spent to create wealth and not consume wealth. You must create wealth and not consume wealth, and, therefore, decisions that we make today may either help us or hurt us tomorrow, and that is why we are concerned about this \$35 billion that you want to spend, that we believe you want to spend on vanity projects.

Is it a fact that you want to build a hotel in St. Clair? I am not too sure, let us know. Are you moving agriculture to Chaguanas in order to make way for some financier of the PNM to build a hotel in St. Clair? Let us know. Are we going to finance real socio-economic development that would benefit our people? How are we going to allocate resources to facilitate a reduction in crime and a creation of jobs in our country? We did not get that from the hon. Minister. There are no mileposts that have been established to tell us within 20 months, within two years, if we borrow a certain portion of this money the country will be at X state or Y stage. We have nothing because the Government is bankrupt, they have nothing.

I understand, Madam President, all this Government is doing is paying salaries and wages, no projects, and everything is under review. Highway to Point Fortin, under review; everything is at a standstill, and all this Minister of Finance is doing is fighting with the Governor. [*Interruption*]

Hon. Imbert: Fighting?

Sen. W. Mark: Fighting. And I want to know why you are fighting with him, I will tell you why just now. I will tell you why, I have all the facts on that you know. I will tell you why. You must tell us if you have two governors, former

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governors, in your office, housed in your office, Euric Bobb, and a fella called Ewart Williams. “Ah want to know.” You must tell this Parliament and this country if you have two advisers in the Ministry of Finance today who are former governors of the Central Bank. You must tell us that. *[Interruption]*

Hon. Imbert: Dookeran is my advisor.

Sen. W. Mark: No, no, no, that is what I want you to tell me. Dookeran? I want to know if Euric Bobb is your advisor.

So, Madam President, since the PNM has come to power dark clouds have emerged on the horizon, deaths, murderous deaths, people are being murdered, and when they are not being murdered they are being killed on the roads. So we are going from murders and deaths to greater economic and financial debt; that is where the PNM wants to take us. Madam President, you know the hon. Minister of Finance did not tell us, did not tell this Parliament how he arrived at this magical number of \$50 billion. He has not told this Senate why \$50 billion, what was the rationale for \$50 billion, or in the case of these two Motions, we have \$35 billion. What was the rationale for it? Why could it not have been 70 or 20, or 15? We got no explanation.

You know this \$50 billion represents some 79 per cent of the 2016 budget, the largest in the history of this country. This huge borrowing, Madam President, is going to place on the next generation a severe debt burden, and, therefore, the question that must be asked, how does the Government intend to relieve the next generation of this tremendous burden? Would we be spending in building productive capacity? Where is the evidence?—not “ole talk”. Where are the facts? Where are the projects? Where are the plans? Nothing before this honourable House.

Would the Government be taking the opportunity to build the human capacity and talent and skill of our people that would allow us to generate future streams of income? Or is it designed to promote, Madam President, wasteful consumption? How will this additional borrowing affect the country’s debt-to-GDP ratio which is currently at 46.5 per cent? With this irresponsible, huge and reckless borrowing spree, the debt-to-GDP ratio is expected to increase close to two-thirds of our GDP, which could be between 67 and 70 per cent after they spend the \$50 billion, and they are going to spend it you know. In spite of what the Minister of Finance is saying, they are going to spend every cent of that \$50 billion, Madam President.

Borrowing more whilst earning less revenue, owing to the precipitous decline in energy prices, is a recipe for economic disaster—*[Interruption]*

Madam President: Sen. Mark, you have 10 more minutes.

Sen. W. Mark: Thank you, Madam President—a recipe for economic disaster. So, Madam President, people are concerned, workers are concerned, households are concerned, they are worried as to where this economy is heading, and all we see is vindictiveness, viciousness, and no attempt on the part of the administration to pull this economy together.

12.00 noon

Madam President, we know that in these times we have to manage very, very prudently our scarce financial resources—we have to.

One of the areas that we want to address is to ensure that within a very short period of time the Government takes the necessary steps to put and to operationalize procurement legislation because a lot of these projects that we do not know about, that will come about without our knowledge today, if we do not have proper procurement legislation in place, the corruption that they talk about and they accuse the PP about, they are going to be swimming and drowning in corruption shortly.

You have to bring procurement legislation, and you have to operationalize procurement legislation, if we are to avoid the scourge of grand-scale corruption, which the PNM is noted for. In fact, the PNM as we know is the father of corruption; [*Crosstalk*] the father, the grandfather, the grandmother, everyone.

Hon. Imbert: Is that a breach of the Standing Orders?

Sen. W. Mark: We have that today?

Madam President, I would like very much to put an amendment to the two Motions that are before us. I would like to move the following amendment to Motions No. 1 and No. 2 standing. This amendment is being moved and reads as follows:

And be it further resolved that for the sake of protection of the public interest, that no new procurement to be facilitated by borrowings made possible by this resolution, be effected until a new more transparent procurement law is fully in effect.

So I am moving this amendment so that it can be added to Motions 1 and 2 that are currently before this honourable House.

Madam President, we would want to have that considered. Before I take my seat, do I ask someone to second it?

Sen. Khadijah Ameen: Madam President, I stand to second, and I want to reserve my time to speak. Thank you.

Madam President: The amendment to the Motion has been seconded by Sen. Ameen, so let me propose the amendment.

Hon. Senators, the question is that the Motion be amended as follows:

And be it further resolved that for the sake of protection of the public interest, that no new procurement to be facilitated by borrowings made possible by this resolution, be effected until a new, more transparent procurement law is fully in effect.

Question, on amendment, proposed.

Madam President: Hon. Senators, the question is that the Motion be amended, and Senators taking part in the debate hereafter may now speak on the original Motion and the proposed amendment.

Sen. W. Mark: Madam President, so, I want to rush to the conclusion. *[Interruption]*

Madam President: Sen. Mark, having had the amendment seconded, I think your contribution is now at an end. I have put the amended Motion.

Sen. W. Mark: Thank you very much.

Sen. Khan: Madam President, just on a point of clarification. Does the amendment have to be put to the vote now?

Madam President: No. The proposed Motion has been seconded, I have read it now and Senators who are now joining the debate can speak on the original and the amended.

Sen. Stephen Creese: Thank you, Madam President, colleagues. My contribution today would have as its basic premise that the recommendations I am making assume that the central government and the relevant Ministries would be involved in policy formulation, project identification and facilitation, project monitoring, while the municipal bodies will be responsible for project execution, and that they will be doing so through their regional coordinating committees. I say this because I am concerned of the tendency within our system for the delineation of functions between the two arms of Government to be continuously obscured.

What does this have to do with the question of borrowing? At the end of the day, if we do not borrow to deal with the impasse before us, then there will have to be a resorting to very harsh and austere measures because, as the last speaker pointed out, the question of the mortgaging of our future of generations yet unborn is behind all of this.

The Motion brought before the House, last week I think it was, by Sen. Mark, on the whole question of sustainability, I think it is relevant. I think it is pertinent as a backdrop against which much of the discussion here today should be placed. Because at the end of the day, whether we opt for taxation as the method to resolve the problem before us—increase taxation for us to raise revenue—whether we go for budget cuts, in other words reduce expenditure so as to again affect expenditure, affect the revenue streams necessary, whether we go for lay-offs—and that has begun to happen, not in the state sector, but it has begun to happen—or whether we propose the sale of assets.

You see, it has become almost the norm since under the regimes of the 1970s into the 1980s that the State's involvement in enterprise has been taken for granted. We seem not to be asking the question as to whether this should continue. Initially, the role was that, okay, local capital development, you know, or local capital was basically underdeveloped and the State needed to use some of windfall from the oil boom to stimulate growth in other sectors. But we seem to have lost the original direction in the sense that the State has continued to play this capitalist role, and we have virtually developed a state capitalist model with no recourse to moving on. So that if we identified a sector that needed stimulation, one would have expected that at some point in time the State would move on and dispose of the assets so organized, and free up those funds, pursue some other area that was underdeveloped.

So we have lost our way there, and this has implications for where we have now found ourselves, and whether state assets should be disposed of as a means of dealing with the current financial impasse.

The question, of course, of local borrowing is critical, and the solution set, whether a mix of local and foreign borrowing or even our disposal of assets. I am not suggesting that any of these mechanisms are mutually exclusive. But what, if any, are there by way of less harsh measures or alternatives? I want to argue that we should bear in mind that the most harsh alternative is the question of devaluation, and when it comes to devaluation as an alternative to this impasse, devaluation usually arrives in one or two ways: de facto or de jure. De jure being, of course, when the State accepts that it has to go that way or is forced there by the IMF. De facto is when you attempt to trade your dollar anyplace else but in your own country, and you realize what people are willing or, in fact, they may be unwilling to keep or hold the TT dollar.

Along the line of alternatives, what about renegotiation, is that possible? Could we sit with the people whom the State owes and discuss other options, other than immediate payment? Is that on the cards? Has the Government thus far explored this as an option? Has anyone filed any matters before the court?

Hon. Imbert: Thank you, hon. Senator, for giving way. We are in active discussion with all of these creditors all the time, to see if we can negotiate away the penalties that were put into the contracts and reschedule the arrangements and so on. I am talking about \$11 billion in outstanding contracts that we have to get borrowings for. We talk to them every day, so I am just letting you know that the answer is yes.

Sen. S. Creese: Thank you.

The bottom line in all of this is that there is need for review; need for reassessment of what we have been doing and what is to be done. As I said before in an earlier address, the definition of madness sometimes is doing the same thing and expecting different results. We have, in terms of our industrial development programme, been doing much of the same thing. The question is, in furtherance of that style, would it yield different results? One of the things that managers and management have to always consider is the need sometimes to do things differently, or the need to do different things—lest we find ourselves resorting to the same old sterile prescriptive remedies. You see, we have to fashion a new way, a way in which we perceive ourselves as masters of our own destiny from object to subjects of history.

But in order to do that we have, as managers of our own economy, perhaps to indulge in some amount of SWOT analysis, the whole question of the strengths, the weaknesses, the opportunities, the threats that face us.

And I want to suggest that some amount of that is necessary here before we get into acts of borrowing or any of the other measures, all of which I see as having dire effects in the long term.

12.15 p.m.

What then would be our strengths if we are to utilize the SWOT analysis to see where it could take us? I am suggesting that the allied services, particularly the engineering services and capabilities which we have developed over the past 50 years, is one of the strengths that should be isolated for focus. Also, the limited oil and gas, the finite stocks and the future use of these finite stocks as possibly another strength.

I would add to that, other service capabilities such as in the finance sector or accounting and auditing capabilities; the health services that we have developed, those health professionals who are in fact in demand; the tourism sector as a service sector and also the cultural products that we have fashioned particularly since independence as being the basis for other services industry and as being a strength.

But what of our weaknesses? Oil and gas comes to mind again because it is a limited or a finite quantity, and of course, with the rise of shale oil or shale gas we understand the implications of that. And the whole broader question, not just oil and gas, but the broader question of energy and the question of transitioning inside and outside of energy—inside it, sorry, and outside of oil? We went from oil to gas. The question is, from gas to what? Have we begun to explore the “what” in terms of energy—the future of energy as a basis for activity, economic activity within our country? Is it going to be waste to energy? And that is why I keep referring to the role of the municipal corporations because they are the custodians of domestic waste and the official disposer of domestic waste. Is it going to be ocean to energy? It is going to be solar energy? Those are some of the questions with which we have to grapple if we are to find our way out of this mess, if we are not to just resort to short-term solutions—and I want to contend that borrowing is a short-term solution—and whether in financial institutions we would recommend that when we are faced with a crisis, we will opt for a short-term solution.

What of our other weaknesses? Basically, we are right back where we were when the State decided, under Eric Williams, to pursue that state-capitalist model, because the weakness then was the underdeveloped state of our capital markets or the local capital market, and the nature of the ownership of that local capital market, and generally the low level of financial entrepreneurialism that existed then, and it would seem to me, that exists now, and the question, of course, of labour cost and that the attendant issue of labour productivity, again, under the mantle of weakness. To me this is the greatest weakness: it is the question of the lack of an overarching philosophical position and the attendant policy prescriptions that would emanate from that.

But what of opportunities? Well adversity is, of course, opportunity in itself. Our greatest entrepreneurial or achievement thus far as a nation is, of course, the development of the steel band. And the steel band movement, of course, was founded in adversity. Those of us who would remember what Trinidad was like in the post-world war era, way into the 1930s, would understand that adversity does generate tremendous possibility. The question is if we are able to see ourselves rising out of that situation. So that there is opportunity in adversity to set new perspectives, new policy perspectives, and particularly on the part of whatever government is in power, and to derive strategies from these new policy perspectives. Opportunity then to reset sustainable development goals.

Again, I wish to thank Sen. Mark for having that on our agenda before this debate, so again against the backdrop of an understanding of the need for sustainable development goals we must place this discussion. Opportunity: there

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is opportunity here for historical review, to understand the past; to come to terms with ourselves as a Caribbean civilization, of our place in the Americas. And I am arguing that it is towards a material conception of the history we must turn if we are to understand where we are, where we have been coming from, and where possibly we can go.

You see, towards the end of the 14th and 15th Century—and I am always contended that if you do not know where you came from, you would not have a clue as to where to go. Towards the end of the 14th and 15th Century, Europe was seen to be overpopulated. Could you believe that? Well that was the perspective there, and that is what drove explorers like Columbus and Amerigo Vespucci, and so on, to venture forth. And in the end, yes, we in the Caribbean and the Americas, we solved Europe's problem. And then America was created out of that, and I am talking now of the USA as part of America, the continent. Then we solved America, that is, USA's problems. Most of us in the Third World would have been party to that solution.

The question now arises—and I note some of the contractors owed mentioned by the Minister of Finance—are we now to solve China's problems too? Because it would seem that we have not gotten the memo. And the memo is, that we cannot keep solving these great nations' problems while suspending our future. And I repeat, it is towards a materialist conception of history that we have to turn to understand where we are located, why we are here and to determine where we must go.

I think it was Walter Rodney who wrote *How Europe Underdeveloped Africa*. Well if we understand that, then we will know and we will understand also, much more closer to us—although we underwent the same process, but much more closer to us is the question of how the CIA fixed Allende in Chile, and how they fixed Jagan in Guyana too, even before Castro emerged, and how they stunted Cuba under Castro. And if we understand these things, then we understand that the challenge is about reintegrating our emersion into the world economy, that we have to pick our own points of entry. And if we do that, then we would be in a better position to develop sustainable goals because the goals that we would have selected are not goals that have been selected for us.

Threats—remember I am trying to take you through a SWOT analysis of our situation. To me the single greatest threat—the others are downstream from that, but the single greatest threat is the absence of, or the need for confidence in ourselves. In going forward we need to repose a greater confidence in ourselves, Madam President.

You see our history, simply put, has been pre-Columbian, before Columbus came; it has been colonial—the development of the plantation economy in its various forms; it has been neo-colonial—the emergence of the new empires to the north, the north Atlantic countries; and then there was documentary independence—when we were tripped out with a flag, an anthem, a little army of sorts, and told go and face the world.

At this juncture our future really depends on us devising a new social contract. I referred, in my inaugural speech, to the Marlborough House expedition. We are yet to sit as a people and agree on a certain set—standards, values, mores even. And I am saying at this juncture, it is as good a point as any. That is why I hear what the Minister of Finance is saying when he speaks of consultation. And I am arguing that the longer we postpone “consultation”, is the further our goals, our need to develop ourselves is going to elude us. We have—find to sit down and talk to each other, talk amongst ourselves. The time for the national panchayat has arrived.

You see, we have to get down to the business of consultation building and agree on the path forward. The thing is, we are lucky in a sense because democracy, the concept of modern democracy was developed out of these Greek nation states. And there is nothing like this tiny twin-island nation state of ours for us to really get together and discuss these things. Let us discuss what should be our core, sustainable development goals. And in doing so, it would be easy to develop a set of criteria for sustainable development goals. I am arguing that that is the way forward; that instead of focusing on the things which divide us, the history which has exploited us, we need to focus on what we collectively wish to aspire to. And in that context we have to recognize—and this is where the real world comes in—the role of foreign exchange in all of that.

I am suggesting that these sustainable goals must recognize firstly, the need to build capacity to feed ourselves. Whatever we do, however we spend the money that Sen. Mark was enquiring about, we must deal with the question of our capacity to feed ourselves; then our capacity to house ourselves and then our capacity to make or manufacture and improve that manufacturing capability, based on our proximity to surplus. And I am saying proximity to surplus in the context that all great nations advance on their ability to—whatever they produce in surplus—find ways to store it, so that in the time of want they can utilize it or they can make it available to others. So proximity to surplus does not necessarily mean what we may ourselves grow or make, but what may be produced elsewhere in the Americas that is accessible to us—so it is whether local or foreign surplus for that matter.

12.30 p.m.

And, of course, all of this against a background of the need to increase foreign exchange earnings while decreasing foreign exchange consumption. But, all of this, of course, would require a foreign affairs Ministry that is mandated to buttress the production of local goods and the export of same, and the refinement of local services and the export of same. And a trade Ministry similarly mandated and armed with a must-do list of local goods and local services for which they must do something in terms of affecting the demand for it or the availability of it to other countries, to other jurisdictions.

But, what would such must-do goods involve? I am suggesting it must include energy, and it must include food production, and it must include housing construction; basic-needs strategy. But, it also must include consultation, and a consultative approach in terms of defining other goods that should be on our basic shortlist. So, what I have called is not, you know, an exhaustive list.

But, I want to turn to the question of energy because I think there are some misunderstandings about where we are with energy, and I think there was—if time would permit me—a text going around this morning in terms of those news text and it read like this:

Oil hits six-year low, Mittal lays off 480 workers.

That has been making the rounds this morning.

I am saying that that is significant, because if we remember that after the oil boom and the attempts to diversify the economy, was the development—and there was reference to it earlier by other speakers to the development of Point Lisas and the development of steel and so on, but I think Mittal laying off 480 workers tells us that there is a myth, there is a bubble that is bursting around us as to the extent to which Point Lisas has delivered us. And I want to argue that we have to be careful on that score. We have to be careful that in the age of communication you have to be careful to be boasting about achievements under a certain kind of industrialization. You are in the wrong era. The big countries done gone past that. This is the age of information and communication, ICT, and therefore if what we are involved in is not integrally linked to that then we are really on the wrong boat, sailing on the wrong sea, heading nowhere again, a kind of middle passage.

But, must-do services—what are the must-do services? I am seeing financial services; marketing; advertising services; credit union services, particularly as a subset of financial services; and I am arguing that the time has come for the HDC

to retreat in its role, just as the Ministry of Housing retreated before it. Time has come for HDC to retreat in its role and to stay at a central planning level, at a policy development level, at a project identification level, and allow other local institutions to run with the ball in terms of the actual construction of houses and the negotiation of mortgages.

You see, the State has to use the assets that it has, and the State has the land, and the State has some expertise and experience in infrastructure development. We are talking about the basic infrastructure for houses, but the State has to realize that it has not been the most efficient machinery when it comes to the actual construction and distribution of these houses, and that within the financial sector, whether it is the banks, the insurance companies, or even the credit unions, that there is capacity there for handling that. And therefore if the State retreats from that, and which is my overall position about the need for the State to retreat from some of the statist capitalist approaches and allow other sectors in the country to emerge, because they have developed to the point where they can assume that role; we are no longer where we were in the early '70s and that has been part of the failure of the State thus far, whichever of the regimes that have been in power since the '80s—a failure to understand where we have reached and what are the skill sets that we have developed across the nation.

The other must-do services, of course, are related to culture and tourism, and the failure really of our whole developmental thrust in that area. You see, the two are linked. You cannot in this age build a tourism model that in our situation the sun, sea and sand thing is quickly exhausted. Plus we do not have as many beaches or as miles of beaches that they have in Florida, so let us face that fact. We are almost—seems sometimes puerile when we are talking about beautiful beaches and just a few hundred yards in Tobago. Our longest beach stretch is the Manzanilla-Mayaro, and that is the bluest of water or the whitest of sand, to be quite frank.

So, we really need to revisit what we are doing with tourism and we really need to understand that it is a cultural derivative product that is our best bet, that the mix of races, and ethnicities, and religions, and so on that we have is really our strongest point. The mandir on the sea, the temple on the sea, good; the steel band movement of itself; chutney; the dragon festival; our state enterprises, our Ministries, must understand, because that is the real resource, and that oil is finite, but people keep on multiplying. And that is the real resource, and that is the basis for a new approach to culture and tourism. And, as I have said before, the oil industry and the recording industry in Trinidad and Tobago are almost of the

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same vintage. Look at the difference between the two: one has had the benefit of the State, whether it was the colonial state out of England, or whether it was the local state, the neo-colonial state, the fact is one has had the benefit of promotions from that side whereas the other has had mere tokenism for most of the '70s, '80s and '90s, and that is really sad.

We have come a long way from the days when we dumped Roaring Lion's calypso in the gulf saying it was smut, but we have not reached anywhere near where we need to be, in recognition of local creative effort. And I say this in the week in which a local movie was launched at our local cinema houses—the extent to which the State has recognized that it has a responsibility to stimulate that industry and has done any kind of significant work is really pathetic.

I keep emphasizing our appreciation of a materialist conception of history for us to understand where we have been, where we are, and where we need to go. The early exploration of the Americas had with it notions of El Dorado, of the finding of gold, of dreams of a gold empire and so, and then they shifted it downwards and they settled for tobacco, and then sugar, and then cocoa and bananas, and then in our case oil and gas, and then steel, and methanol, and the little news clip that is on my phone that spoke about lowest in six years for oil price, Mittal lays off 480 workers. I think a bubble has been burst. We are right back where we were at the end of sugar. You know, I sometimes tell people the best thing that former Prime Minister Manning did for this country was to certify the death of sugar, because we had been fooling around probably giving all of us diabetes attempting to subsidize and continue that sugar industry. So, when he disbanded Caroni officially that was to certify the death of sugar.

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

Sen. S. Creese: Thank you. We need now to begin writing the certificate of death for oil and gas. And for those of us who think that the excursion into steel in Point Lisas and methanol and so on, is our deliverance, you may have to ask for a second—what you call it? Pathological report from the pathologist.

Hon. Senator: Autopsy.

Sen. S. Creese: Autopsy. We have to ask for a second autopsy. But I assure you that an autopsy is due if you are thinking that steel and methanol and so on is going to save us; that is at this stage an idle dream.

You see, at the end of the day, oil is on its way out. The multinationals have propped it up. For whatever reason that they are just propping it up so that they can continue to milk the transfer pricing and other arrangements, or they are just plain lazy, or they just do not know what is next. But, the bottom line is, this is the age of ICT, and therefore if whatever we are fashioning is not related to that, then really, we are

out of sync with how the world is travelling, and we will not be found in any solution soon. I am suggesting that the methodology implied when the Minister of Finance spoke to us at the budget presentation, that they were going to get into some amount of consultation. We need to sit and talk, and we need to agree on sustainable development goals, we need to come to terms with the fact that oil is at an end. You know, it reminds me of the time I saw a policeman giving somebody a ticket, and the person say, “oh god why yuh giving me a ticket”, and the policeman say, “I ain’t giving you a parking ticket, you know, I am certifying the fact that you are parked under a no-parking sign”.

We ought not to wait to be certified. We ought not to wait for all these industries to be certified. We ought to know the time has come for us to sit and talk again, work out a new social contract, work out our own social relations, work out our own economic relations, and determine our way forward. And that increasing borrowing is really the shortest of short-term measures. We would be right back at this point talking again. Because if we do not develop the productive capacity necessary to pay back whatever we borrow, whether locally or foreign, we are simply marking time, and we cannot afford to continue like that.

I thank you. [*Desk thumping*]

VACANT SEAT

Madam President: Hon. Senators, I would like to revert to Item 3 on the Order Paper.

I am in receipt of the following correspondence from His Excellency the President.

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

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

TO: MR. VASANT BHARAT

WHEREAS by the provisions of section 40(2)(b) and 43(2)(e) of the Constitution of the Republic of Trinidad and Tobago, the President, in exercise of the power vested in him, and acting in accordance with the advice of the Leader of the Opposition, is empowered to declare the seat of a Senator to be vacant:

NOW, THEREFORE, I, ANTHONY THOMAS AQUINAS CARMONA, President as aforesaid, in exercise of the power vested in me by the said sections 40(2)(b) and 43(2)(e) of the Constitution of the Republic of Trinidad and Tobago, do hereby declare the seat of you VASANT BHARAT, to be vacant, with effect from 7th December, 2015.

Given under my Hand and the Seal of the
President of the Republic of Trinidad and
Tobago at the Office of the President, St.
Ann's, this 7th day of December, 2015."

SENATOR'S APPOINTMENT

Madam President: Hon. Senators:

"THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

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

MR. GERALD HADEED

In exercise of the power vested in me by section 44(2)(b) of the Constitution of the Republic of Trinidad and Tobago, I, ANTHONY THOMAS AQUINAS CARMONA, President as aforesaid, acting in accordance with the advice of the Leader of the Opposition, do hereby appoint you, GERALD HADEED, a Senator, with effect from 7th December, 2015.

Given under my Hand and the Seal of the
President of the Republic of Trinidad and
Tobago at the Office of the President, St.
Ann's, this 7th day of December, 2015."

OATH OF ALLEGIANCE

Senator Gerald Hadeed took and subscribed the Oath of Allegiance as required by law.

**DEVELOPMENT LOANS ACT
(INCREASE IN BORROWING)**

Madam President: Hon. Senators, at this time we will take the lunch break. May I just remind everyone that the Caribbean Regional Workshop on Sustainability, Energy and Development is still ongoing, and therefore, we have invited all the delegates from the conference to join us for lunch, so I am asking all Senators to extend the warm hospitality that Trinidadians and Tobagonians are known for to the delegates.

We will resume at 2.00 p.m.

12.48 p.m.: *Sitting suspended.*

2.00 p.m.: *Sitting resumed.*

Sen. Dr. Lester Henry: [*Desk thumping*] Thank you, Madam President, as I lead off the post lunch session, the time that some trainees call “macajuel time”. [*Laughter*] So, let me proceed. Now, the big question that we are facing here today and what this Bill is about, is about increasing the loan limits so the Government of the day can keep on functioning, because as you heard from the hon. Minister of Finance, each of our loan, separate loan limits are basically maxed out. And before I proceed any further, I know my colleagues will join in in congratulating the hon. Minister of Finance for presenting such a magnificent argument, [*Desk thumping*] very well presented, very well noted and I am sure most people who are right thinking will understand from his contribution the kind of predicament that we have found ourselves in, in trying to run the country.

So what the real issue is, is how did we get here and why do we need to raise the ceiling so that we will have the kinds of funds available as was well noted. We did not necessarily say we are going to use all of it but at least have the money available so that the operations of the country can proceed. We have reached the critical juncture and the one thing I want to say upfront is that if the Government before had happened to win the election, God forbid, what would be their position right now? Where would you have gotten the money from to run the country? After pledging \$21 billion in contracts that we heard and also maxing out on all the borrowing limits and the overdraft at the Central Bank, where were you planning to get financing from? Would you not have had to come and do the same thing we are doing? Would you not have had to come and increase the borrowing limits or find some other ingenious way to finance these operations?

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So when you pledged \$21 billion in contracts, as they say, was a helicopter supposed to fly over Trinidad and drop that money for you? What would have been the thinking? So right there and then, just that alone you should do the honorable thing and support this Motion wholeheartedly because you set it up that way.

Now I will outline several reasons just to augment the argument put forward by the hon. Minister of Finance, as to why we need this and why we have ended up in this position. I mean, first and foremost, reason number one, as duly noted, you were the most reckless, irresponsible Government that ever existed, probably in the whole Caribbean—[*Interruption*]

Hon. Imbert: In the world.

Sen. Dr. L. Henry: In the world. [*Laughter*] I mean it is hard to imagine what else you could have done wrong. So you were very callous with the managing of the country's economic affairs, which, while I was on the other side, and I have to say once again, I have the distinction of being the only Member to sit for the full five years on the other side, and year after year we came and warned you about what you were doing to the extent that I entitled my budget presentation last year, "How to mismanage an economy 101". And you proved me correct on every occasion. I have an impeccable track record of predicting your misdeeds. So you frittered away, based on the new evidence coming out from the Minister of Finance, in addition, to all the budget spending already acknowledged by the previous government, you know what, close to \$400 billion.

When we were on the other side, the hon. Attorney General now used to say, "you wasted \$400 billion", and the Government then would say, "no, no, no, why you keep calling that inaccurate figure". They were taken to task for belting out wild numbers. You know as it turns out you are pretty close to that \$400 billion. When you add up what the Minister said to what was already acknowledged of the spending in the budget, close to \$400 billion in a five-year period. And what have you to show for it? The funny thing is everything they boasted about that was supposed to be their show-piece projects, owing money on. Billions of dollars outstanding on their showcase projects. So where did the money go? So if we try to give you credit for proceeding in some kind of reasonable or necessary project, when we check the project, it is not properly financed. Either it is outstanding or the loan was never processed or anything. So where did the \$400 billion go? Did you not pay for one thing? You spend \$400 billion and you cannot say there is one thing that you actually paid for.

Hon. Imbert: Food cards.

Sen. Dr. L. Henry: Food cards. It is amazing, and they come here with a straight face and try to act like if they just dropped from the sky, the same helicopter that was supposed to drop the money they dropped from it too. So almost \$400 billion, we find out that you did not pay for anything, everything is still to be negotiated, loans outstanding, whatever. And these were the flagship projects of the UNC.

So this was mismanagement of the worst possible kind. Like I said, it is difficult to imagine what you could have done worse. In all sectors, in all Ministries, you know, “tout moun”. That is what you did. That is why you brought us here. That is reason number two. [*Crosstalk*]

I am moving to three, you will get more. So, again, the legacy of the UNC administration is nothing short of scandalous mismanagement on a humongous scale. [*Desk thumping*] In addition to everything else that was mentioned by the Ministers in the Lower House, of the recklessness, of signing contracts with no funding in place and so on, another area in which you contributed negatively is that you created conditions for the destabilization of the foreign exchange system, which is still in the news today, going on a year and a half now. That is another one of your contributions to macro-economic management or mismanagement.

In addition to this, Madam President, as if in an effort, I am not accusing, I am just saying if, or maybe, it was to help cover up their mismanagement. They destroyed the CSO. So now we are in a situation where we are having controversy over statistics or the non-production of proper statistics or as the IMF said, in many reports, unreliability of data and Moody’s also added, as one of their reasons for downgrading us. So, again, one of your sterling contributions to mismanagement.

So as though you created a scenario where now, we will have doubt where none used to exist before. Myself and I am sure several other Independent Senators have been doing research on economic data for many years, and there was never a negative connotation associated with Trinidad and Tobago statistics. We know the CSO was in a difficult position for a long time, before the UNC, but the reliability of our data was never questioned in the way in which it has become questioned now. So in order to add to the obfuscation as though people would never really find out the real issue, you messed up the CSO so that even the data coming out now becomes debatable. And the people at the CSO, I know, some of them are very dedicated, hard-working people who have been trying to still do their best under difficult circumstances. That was reason number four.

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Reason number five as to why we are here: you were not truthful. That is the previous administration with the country about the true state of the economy of the country. Right up until August, early September they were selling “Wolf tickets”—[*Interruption*]

Hon. Senator: What?

Sen. Dr. L. Henry: “Wolf tickets.” That is an American—[*Laughter*] It means when you are selling something that is not really real.

So, Madam President, they were not truthful. Even in the Parliament there were some doubts about some of the accuracy of the responses that they gave, because I remember asking the former Minister of Finance, under the UNC, I posed the question late last year but I think he answered it several months after. I asked specifically, what is the state of the borrowing of the Government over the last year and a half? Yes, you can go and check the *Hansard*. That was my question to the then Minister of Finance. He avoided answering for several months, and then he came back and read off a list of things, a bond here—they floated the bonds—and things that we know about. But, virtually none of what our Minister of Finance mentioned earlier today was on that list. Nothing.

He came and he read from a list we assumed, Madam President, we assumed that this was provided to him from technocrats in the Ministry of Finance or perhaps even the Central Bank or some reliable source as we should assume is the case with a certain Minister of Finance and nothing on that list that he read out, I recall, could square with what our Minister found in the Ministry in terms of outstanding loans and money owed on different projects. And at the time I remember telling him, saying, “hon. Minister are you sure that list is complete, because I know of some loans that were going down and you said nothing about it”. And with his usual smile he said, “Well, hon. Senator that is the list I was given”. And he moved on. And luckily he has subsequently moved out.

Hon. Imbert: Lucky for us. [*Laughter*]

Sen. Dr. L. Henry: Yes, I remember it very clearly. He did not include even loans that I myself was completely aware of, bond financing, money borrowing left, right and centre.

2.15 p.m.

I asked the question: could you come clear and clean with the country as to the amount of money the government was borrowing over the past year and a half? It was not the exact wording of the question but it was pretty close to that.

And the list was very short. So the former Minister was either given bad information—we have to assume—or a very incomplete list based on what we know now about what was happening with the government.

So it was clear that the previous government was not truthful with what they were engaging in, the kind of reckless borrowing and the running up of debts which you left for us to pay. Because it is as though, of course, as I said in my budget contribution over a month ago—it is as though you ran the scorched earth policy, to leave nothing left for any incoming government, including yourself, if you had happened to win. You left no wiggle room.

And, of course, the flip side to this is something else I have been harping on, if you see my *Hansard* contributions going back to 2010. One of your main legacies again—there are so many bad legacies, it is hard to classify them, as bad and worse and “worse” or something—was that you generated no new revenue projects in five years after substantive old talk.

I remember the 2010/2011 budget read by Minister Dookeran at the time, had about 10 energy projects—it might be off by one or two but quite an impressive list—and he used to read them all out. I am sure he practised the pronunciation of all those big words: ethylene-something project to this and that and dimethyl-something and whatever, and by two years later everything was gone.

Hon. Imbert: Gone. Never happened.

Sen. Dr. L. Henry: Nothing, nothing. You go back to the budget presentations in 2013, no mention of any of these projects. They just vaporized. And the hon. Minister of Energy at the time used to come and say, “No, well, we are going to be—*[Interruption]*”

Sen. Hadeed: He is having his day.

Sen. Dr. L. Henry: Sorry for my distraction but—

Sen. Hadeed: He is having his day.

Sen. Dr. L. Henry:—I see they corrected the sign for the honourable—well, former hon. Gerry Hadeed.

Hon. Imbert: They changed it.

Sen. Dr. L. Henry: Yes, they changed the sign. *[Laughter]*

Hon. Imbert: It was “ah ole” sign.

Sen. Hadeed: You are a man on business now. *[Inaudible]* I will get my chance.

Madam President: I want to hear the Senator and I would like all other Members who are sitting to be quiet, please. Let us hear Sen. Henry.

Sen. Dr. L. Henry: Okay. Excuse my bad manners, Madam President.

So you were not truthful with the country and you ran up debts quite hidden away from the public view, and only for us to come and discover them now, and also we suspected that you were doing so all along because, of course, you cannot really borrow and sign all these contracts in a small country like this and people would not know. We could not get the details until after September 07. That was your D-Day.

So you failed to generate any of these projects and the one last one I remember last Friday, the hon. Terrence Deyalsingh talking about your Juniper project, or your Mitsubishi project—the Mitsubishi—where the Energy Minister used to come here and stand up and beat his chest about all kinds of—you know, a wonderful, multibillion dollar investment and bringing in foreign investment, something the PNM never did, and all kinds of—I want to be nice. *[Interruption]* No, all kinds of flowery language. In fact, sometimes we used to refer to the former Minister of Energy as the “future man” because something was always happening in the future. We used to sit there and tell him, “well, hon. Minister, could you talk about anything that actually happened, any revenue that you actually received as opposed to what you might get and what you are projecting?” “Well, you know, in two years’ time we expect this project to return X amount of billions.” We say, “Well, we heard that in 2010, 2011, 2012, 2013 and you are still coming and saying it in 2014?” So we knew what they were doing and what they were not doing, which was the higher stack.

So one of the things I pointed out in one of my first contributions in this honourable House was the revolutionary projects that the PNM implemented from since the 1960s and ’70s that changed the economic fortunes of the country. And we live and die by foreign exchange earnings. That is the nature of our economy. The average citizen is better off when we earn large amounts of foreign exchange and then those earnings have trickled down to the ordinary person, like the development, as everyone should know by now, of the Point Lisas Industrial Estate and what was derived from that. I would not go into the details. And, of course, the decision to go into liquefied natural gas and back in the ’90s of which we saw the benefits accruing from about 2003/2004, and we saw the revolutionary change in the living standards of the people of Trinidad and Tobago.

That is a fact under the PNM. So what you do is that you have to get revenue generation projects going, preferably foreign exchange earnings which then transfers to the average citizen. And one of the big things that happened with a lot of people—for example, I have a question I ask my students at UWI every semester for the past five/six years, and this question is very simple: when did gas revenue come to Trinidad and Tobago? And you know what most of them tell me? 1942, 1950, 1960, 18-something. Not one has ever gotten it right, that it is only in 2002/2003 we started to see the benefits of gas revenue. We might have seen the projects in any massive way, and that is how it is.

But the previous government became very dependent, to some extent—for lack of a better word—of not making very difficult decisions. What the government did in the five years they were in office was generally known as “kick the can down the road”. So every time they were faced with any kind of decision where they might have to say, “Well, okay, we will have to cut spending; we will have to do this”; make any kind of adjustment, they would say, “No, no, no. We are leaving that for somebody else.” Because in their initial projections when they ran deficits in the early 2010/2011, you know what year they had planned to balance the budget by, before all the drama of the last year or two? 2016. So, in other words, from day one, they had planned to run deficits for their whole time in power.

Hon. Imbert: Twenty-seven billion.

Sen. Dr. L. Henry: Right. As the hon. Minister is pointing out, \$27 billion of it. And if you look at the five years before, under the same PNM, you would find positive \$20 billion-plus in savings.

Hon. Imbert: Surplus.

Sen. Dr. L. Henry: In savings, yes. Real savings, not bogus. Like when you borrow money and put it in the Heritage and Stabilisation Fund and boast about it and say you add to the fund.

Hon. Senator: Borrow money?

Sen. Dr. L. Henry: Yeah, they borrowed money and put into the Heritage and Stabilisation Fund, and then boasted about how the fund increased.

Hon. Imbert: “Dey good, yuh know.”

Sen. Dr. L. Henry: Yeah. And this is not even me, Lester Henry, saying this. You can read it in the IMF reports. It is there. So real savings, not pie-in-the-sky type, “hoodwinkery”, that you try to get away with.

So no new revenue projects that could bring in valuable foreign exchange, as the whole country is aware of now, how valuable the foreign exchange is. Anytime there were great opportunities to make a tough decision and to increase taxes on something or to go for a really bankable project, you backed out. The former government even cancelled the Aluminium Smelter which was one of the projects that could really have made a difference.

Hon. Imbert: Now we have to pay.

Sen. Dr. L. Henry: Not only that—as the hon. Minister says—you cancelled the project that could have brought in foreign exchange and lift the standard of living of the country—you not only cancelled that and destroyed that possibility, we have to pay for it now.

So you acted as though there was no consequence to your action. Once you were in power that is all that mattered. No forward thinking, no thorough economic analysis of your decisions. Just “voops”. As the hon. Minister Fitzgerald Hinds used to say: “voops, vaps and vaille que vaille.” That is what you did. And Madam President, you know, they are back in Opposition and they are still “voops, vaps and vaille que vaille”. No structured arguments, just “vooping”.

So you kick the can down the road and as fate would have it, you kicked it to us. So now we have this can juggling and we are forced into this situation where we must borrow to keep the economy going. And it is clear, as I said at the beginning, you would have had no choice but to do the same, exact thing. So when you come here and start making a set of noise about you are against this; you are against that, also enlighten us as to what would have been your alternative. You know? Like when they were in power, one time they came with a budget and they raised taxes on cigarettes or something, or gambling, and a fine for killing wild animals. So I said, “That is your revenue strategy?” Yes, I told the Minister. I said, “Wait a minute. This is your revenue strategy for the country, increased parking ticket or some kind of—[*Interruption*]

Hon. Imbert: One armed bandit.

Sen. Dr. L. Henry: Yeah. On those slot machines and pool tables. That is their only revenue-generating policy measures that were in the budget, one after the other for year after year. So what they did was basically say that “Well, we are depending on people to break the law so we could get revenue”. That is the message you were sending. So people had to break the law first, then you fine them and your revenue increases by pittances. So how could you manage an economy that way?

And, of course, everyone knows in the good times when we have the income and the money, it might have been easier to get away with increasing substantive taxation on critical items. Instead, they remove VAT from—how many thousands of items?

Hon. Imbert: Eight thousand.

Sen. Dr. L. Henry: Eight thousand, basically emasculating the VAT.

2.30 p.m.

I remember a particular Senator standing on this side and holding a big thing like toilet paper, falling all over the place, this is how much items we removed VAT on. Glorifying their irresponsibility. So what you did was continuously kicked the can down the road, and you ran away from any decision that any responsible person would take as granted that you must take. What we heard from the Minister of Finance, was a Government coming clean with the country and saying we are in a difficult situation and you need to understand that we must do this.

People are sophisticated now. There is Internet, there are all kinds of cable TV. People in the country are intellectually aware. They are mature, so they could understand if oil prices fall from \$100 or \$90-something, which it averaged under you, to about 40, something has to give. And then they combined that with your mess, they know we are in problems. But as is well known, when the country is in problem who comes to the rescue? The same PNM. Once again we will battle through it and we will bring some sanity back to the country in terms of economic policy as well as overall management of our affairs.

Now, the Minister also mentioned one of the big problems as to why we need to get the approval to get this money, and I think it is worth repeating for people who may have missed it and do not understand how serious it is, is the issue of avoiding the cost of becoming delinquent, building up arrears and eventually defaulting on our loans. That comes at a tremendous cost. So if we do not get the money approved as the Minister just pointed out—in one loan alone it is US \$8,000 per day that is accruing on that loan. So we are not irresponsible like you, where you would just ignore these things and act like if some phantom character will show up from the sky to save you.

Just on one note, debt servicing last year, I believe, was around \$5 billion. That is money you have to pay back just to keep the loans going. If we were to default on anything of that magnitude—of course, that is not one loan. That is all

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the loans put together. That is just the servicing. If we were to continue along this path where we have to be paying penalties, defaulting or being delinquent on our loans, that number will shoot up drastically. It is similar to your credit card bill. When you do not pay it off at the end of the month what happens? You see your outstanding balance jumps significantly, and in a quick space of time you could find yourself in a deep, deep hole. When you thought you were in a real deep hole you find yourself sinking further, to the point where it might become a bottomless pit as the Greeks have found out.

So it is very critical that the population understands that to avoid the penalties and the arrears that are built in to these contracts and these loans, regardless of the source of the loans, even the multilateral entities lending like the IADB, all of them have penalties and clauses in there where your debt could increase significantly if you do not pay on time and also if you do not drawdown the loan on time. So the money that we could save by doing that is tremendous. So to avoid the penalties, that is why—so if we do not get this passed and we continue to default or go delinquent or build up arrears with these other loans, our payment will balloon, our payments due. So this is why this is critical for any right-thinking person to say yes to this.

As I wind up, I just want to remind the people out there that we need to run the country. You ran it into the ground. We are trying to bring it back afloat and this is just one step in terms of getting that done. We know that you will be happy—some of you in the Opposition of the previous Government—if the whole economy grinds to a halt and you will say, “Look, it is the PNM’s fault.” But we cannot afford to do that. That will be irresponsible, that will be madness, that will be UNC. So we are not about the business of shutting down the economy, we are about the business of running things properly, and this is just one step in that direction.

You brought us to this position after having the best run of oil prices and gas prices, probably of any Government, over late 2010 to mid-2014, oil averaging close to \$100 a barrel; gas very well too. On top of that, you spent all that, you ran up the overdraft in the Central Bank and then borrowed. I will just say it once again before I close. I heard even if there was a mattress in the Ministry, men were looking below it to see if it had any coins—because they would have spent that too.

So, Madam Vice-President, I thank you and I look forward to—sorry—Madam President. I thank you for allowing me to make this contribution. [*Desk thumping*]

Madam President: Sen. Ameen.

Sen. Khadijah Ameen: Thank you very much, Madam President. In the lead-up to the general election, the People's Partnership said that Keith Rowley and the PNM had no plan. No plan for the most vulnerable in society; no plan for gender equality and gender development; no plan for agriculture; no plan for labour, perhaps except the \$15 million given to their friends; no plan for safety and security of our nation; no plan to manage the economy; no plan for Trinidad and Tobago.

Today and every day that the PNM is in office this becomes more and more clear. [*Desk thumping*] Madam President, we are not alone when we ask this Government: what are your plans? Need I remind this Senate, and Trinidad and Tobago by extension, that governments are elected to govern for all citizens. I sat and I listened to this Government continuing to blame its lack of planning on the former administration [*Desk thumping*] and while that is their prerogative if they have a partisan agenda, this nation is getting fed up and nauseated by this now. [*Desk thumping*] More and more, even people who voted for the PNM are asking: what is your plan; what is your objective; what is your strategy; what are your goals? How do you come about by identifying these projects that you want to spend more money on?

I also noted that in Sen. Mark's contribution he made reference to the Governor of the Central Bank indicating that this country is going into a recession. Madam President, it is useful for us to recall about half a decade has passed since what was termed the "Great Recession". Its legacy dampened growth prospects; it heightened uncertainty and weakened confidence; it presented significant challenges to the recovery efforts being made across economies globally, not only in Trinidad and Tobago.

This country is a small, open commodity-based economy and we are not insulated, we are not immune from the effects of the global financial meltdown. Does this Government believe that by increasing the debt ceiling you will protect us? You want to put us in more debt and you want to tell the people of Trinidad and Tobago that it is the Partnership's fault? Does it not take careful economic management to steer us through these rocky global occurrences? The fact that the present Minister of Finance does not have a background in finance, is that the best thing for Trinidad and Tobago at this time? I am asking. I am suggesting that perhaps, with no malice towards this present Minister, he does possess expertise in another area, but perhaps it is time for the Prime Minister of Trinidad and Tobago to consider that at this time in Trinidad and Tobago we should have a person to spearhead the management of our economy, someone with a strong background in finance and economic management.

Madam President, Trinidad and Tobago, the people of this country are yet to see any clear directions from this Government on fiscal management and on the welfare of our nation. I want to refer to the *Express* of September 04, 2013. The Employers' Consultative Association of Trinidad and Tobago had a breakfast to address the macro and microeconomic challenges in the economy towards creation of sustainable businesses and I quote:

“Expectedly economic growth began slowing in 2007 and was followed by the global economic crisis which started in 2008, leading to four consecutive years of negative or negligible growth between 2008—2012.”

These are not my words.

“In 2013, there is every indication that the Trinidad and Tobago economy is emerging from the dark shadow of the global recession as GDP growth is...building momentum across a widening range of economic sectors.”

I continue with the quote:

In “the first quarter of 2013...initial estimate is that the economy grew by 1.7 per cent. This”—was—“based on the indication that the energy sector grew by 0.5 per cent and the non-energy sector by 2.6 per cent. This follows”—a—“growth of 1.5 per cent in the quarter to September 2012 and 1.0 per cent for the quarter to December”—of 2013.

This positive growth continued till June. Five consecutive quarters of growth for the economy, as small as those percentages are.

Madam President, I refer to that to tell you that this good fortune, in spite of the global economic atmosphere, did not simply fall into the lap of this country at that time. The People's Partnership Government did not wish on a star and had that wish come through. This good fortune came about due to careful management of the economy by persons qualified in that field in spite of the global climate. [*Desk thumping*]

Madam President, that mantle is now passed to the PNM administration to steer the economy of Trinidad and Tobago through the rocky waters that we face at this time. Many countries all over the world with strong economies are doing just that.

But perhaps, Madam President, their focus is more on putting blame rather than steering the economy right. I think in their haste to come into Government, the PNM gave very little consideration as to what the job really requires at this time. It is apparent, again, that they have no plan.

2.45 p.m.

Even today, I think the citizens of Trinidad and Tobago, in listening to the presentation from the hon. Minister and those on the other side who have made their contributions so far, as well as those who made their contributions in the Lower House, I think many of our citizens today would have liked to see, in addition to the request to increase the loan ceiling, they would have liked to hear from this Government where they plan to spend the money; a direction that the Government plans to go, a strategy, not only to spend money but also to repay the money that they plan to borrow. People are reasonable; people in Trinidad and Tobago are not stupid. People are reasonable and they would be fair to this Government if you can treat them as though they have sense.

The Minister of Finance, I sat here and I listened, I do not know where he lives—and I am happy he is walking back into the Chamber; he leaves so often. *[Laughter]* The Minister of Finance, this morning, spoke with disdain, with haughty contempt, with scorn, about a hospital being constructed for the people of Arima, for the people of Point Fortin. You know, this hospital in Arima was promised by the PNM in 1971, years before I was even born, and it took the People's Partnership, coming into Government in 2015, to begin the construction of that hospital; 44 years. *[Desk thumping]* In Point Fortin, there were so many promises and you know, the irony—*[Interruption]*

Sen. Mark: I seek your protection, Madam President.

Madam President: Could we allow Sen. Ameen to speak and could all the other Members be silent, please? The rumbling is starting to get a little too loud now.

Sen. K. Ameen: Thank you, Madam President. The irony is—*[Interruption]* You know, Madam President, I know you just rose to ask that Members keep the crosstalk down but I really do not expect that, and I want to tell you, give you the assurance, that I intend to ignore the crosstalk as I make my contribution. *[Desk thumping and interruption]* Madam President, it is sad and very unbecoming that one of the most senior Members of this Government is visiting from another House and behaving in this manner, but I also want to continue.

You know, the irony is that both Arima and Point Fortin have been traditionally represented by the PNM. After years and years, decades of begging, it took the People's Partnership Government *[Interruption]* to finally commission the construction of these hospitals, and the people of Point Fortin and the people of Arima and their children and grandchildren will be the beneficiaries. *[Desk thumping]*

Madam President: Minister Imbert, you will have your chance in your winding up. Could we be allowed to listen to the Senator, please?

Sen. K. Ameen: Thank you, Madam President. While we see a certain amount of disdain being used to describe projects such as the hospitals for the welfare of our people, our children, today, earlier in the sitting, the Minister of Finance, in response to a question for oral answer, indicated that his Government is considering IADB funding for the rapid rail project. And I ask the question that many other people in this country are asking: hospitals are not important; hospitals for the people in Arima, in Couva, in Point Fortin, not important? The children's hospital in Couva could close down; the school nutrition allocation is cut; food for children in our schools is not important. There is a proposed \$60 million to restore Tarouba stadium. Is that so? That is important but hospitals are not important, health care is not important.

Madam President, 16 primary schools remained closed for last term. Hundreds of children who entered Form 1 did not receive their laptops as yet. That is not important, but the rapid rail project is important. Hundreds of jobs are being lost. In Petrotrin recently—I do not know if the union is being quiet because of a recent offer in the budget but that is a question that the population is asking. The situation with the Mittal Steel Company, the workers, over 600 workers, and the company quoted the global market as their challenge.

There are many contractors in this country, because the new Government has chosen to shut down everything and investigate and consult and every other adjective that they could use as an excuse, and you know, while they are doing these things and putting on hold all of these projects, they are victimizing the population of Trinidad and Tobago, the citizens of Trinidad and Tobago, for the performance of the People's Partnership while in Government. Contractors have to send home employees because you have stopped construction on the highway; you have stopped construction on the hospitals. Is that the Christmas that this PNM Government is giving to the people of Trinidad and Tobago? Is that the bright Christmas that you want for your constituents?

Madam President, it is my understanding that a *Guardian* report today indicated that the Ministry of Health has ceased an arrangement with a private medical facility which allowed kidney patients to get free dialysis treatment. This PNM Government is literally killing people. [*Desk thumping*] And you come again to ask—yes, you want to borrow more money but I will tell you. You continue with this doom and gloom approach and while I know you want to continue your campaign perhaps, the partisan approach to dealing with managing our country's

economy, Madam President, if you are familiar—we are familiar with children's cartoons, the image of dogs chasing their tails. I want you to imagine for a moment a dog biting its own tail, and as the dog bites further up, he howls more in pain. The continued alarmist, doom and gloom, blame-the-past-Government, doomsday thinking and talk by this Government, could further hurt the economy and the people of Trinidad and Tobago and prolong the economic stagnation that we face.

I want to issue a warning to this Government, in your haste to point fingers and lay blame, this Government might be sabotaging its own efforts at preserving economic stability and its own negative comments and doomsday thinking can diminish investor confidence in this country. A dog biting its own tail.

Madam President, the Minister of Finance listed a number of projects which the Government entered into loan agreements to undertake—the previous Government. I wish to point out, one, every one of those projects are geared towards the protection, the health, the safety and security of citizens of this country. The Minister implies that the purpose of this Motion, to increase the borrowing limit of this country to \$30 billion, is brought about due to these debts of the previous administration, the previous Government, yet, this Government is bent on going ahead with a vanity project, the rapid rail project. I wonder if this is a pet project of an engineer obsessed with little toy trains. I wonder if this Motion is, in fact, to meet expenses—Madam President, sorry. If this Motion is, in fact, to meet those expenses, then Members on the other side should have no problem with the amendment moved by Sen. Mark that there be no new procurement to be facilitated by borrowings made possible by this resolution and that more transparent procurement laws be put into effect.

Madam President, the ordinary man in Trinidad and Tobago, when we debate Motions like these, we, who sit in Parliament, should be able to tell a father how he would buy milk for his children, how he could continue to provide pampers for his baby, to put a roof over the head of his family, to put food on his table. Again, I ask: what is your plan? What is your strategy? What are your objectives? How do you arrive at projects and determine which is more important? It cannot be that it is something you like and therefore, you go with it. I also believe that we should have conditions. I do not see any proposals for changes in policy which would help stabilize the economy of Trinidad and Tobago and I find that sadly, sadly lacking.

Madam President, this Government ought to make itself more accountable and for the sake of the protection of the public interest, for the sake of the protection of our country, I strongly endorse the amendment to the Motion that no new

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procurement should be facilitated by borrowings made possible by this resolution and that we should hasten—the Government should hasten to bring more transparent procurement laws to this Parliament for the sake of the rest of Trinidad and Tobago. I thank you. [*Desk thumping*]

3.00 p.m.

Sen. Hugh Russell Ian Roach: I thank you, Madam President, for the opportunity to join this debate. This debate is yet another important one that demands our collective and impartial objectivity in piloting the economic challenges facing our country. As such, Madam President, it requires the distillation of fact from fiction and clarity of the true economic situation that Trinidad and Tobago is up against.

The Motion before us in this Senate is for a 70 per cent, I believe, or a \$35 billion increase in Government's authority to borrow on the local and international markets.

The Government advances that there is a critical need to provide for such a facility in order to cater for debts incurred by its immediate predecessor and also to be able to fulfil its manifesto obligations to the nation, which now informs the Government's policy.

The Government states as well that the previous administration used up and/or borrowed up to almost the maximum legal limit permitted by law, hence creating the unfortunate dilemma having to increase borrowing to meet expenditure in the face of declining revenues from oil and gas.

Madam President, I have to lament the fact that, in the absence of reliable and independent financial data on the economy from the Central Statistical Office (CSO) or any other respected, reputable institution, we are yet again exposed to allegations of a recession of an uncertain and nebulous scenario on the country's economy, of whether or not there was growth over the past two to four quarters in order to assess the claims of recession by the Central Bank Governor at this time.

Madam President, I do have serious concerns about the Governor's declaration of a recession weeks before Christmas and the publication of same before any alleged discussion with the hon. Minister of Finance. [*Desk thumping*] There must be a responsible protocol for dealing with sensitive matters of State interest, which can cause panic and negative reactions in the financial and productive sectors of our economy. If in fact the country is in a recession, I would prefer to see a collaboration of all arms of the State apparatus working in

conjunction with the private sector to assist in rectifying and reversing the situation in the shortest possible time, but with sensitivity on the social impact for the most economically vulnerable in our society.

In fairness to this Government, Madam President, they have not yet been in office for a full quarter and I want to believe they are still grappling with an assessment of the true economic realities of state resources, Ministry by Ministry and we, therefore, should await their report on the review of the economy by March 2016, six months from their taking office and a little over three months away from now.

Madam President, the country needs the most honest and reliable information of our economic conditions in order to move forward in constructing a model for economic growth and sustainable development, none of which will be possible in a state of economic ignorance and with data that is incomplete or flawed or based on information from public officials engaging in hype and mischief. This is not the environment the country needs at this time. Economic trends, like life, are transitory. We have been here before. We have experience and hopefully institutional memory in dealing with the economic predicament that has now befallen us in 2015. The world is in an economic turbulence and we are but small players in the world economics.

Madam President, I shall not take up much time on these two Motions, since I am prepared to support same, once the Government is able to make its case, as requested, to justify the need to increase the borrowing limits. I would like too, however, for the Government to make its case on if and how, if it plans to use the Heritage and Stabilisation Fund as part of its strategy.

Madam President, we as a country must come to terms with the fact that in times of high revenue and abundant resources much can be expected and ought to be done to achieve a higher or better standard of living. But in times of reduced revenue and resources we are expected to adjust our outlook based on those realities. It calls for the unions and employers, public and private, to engage in meaningful consultation and dialogue on making whatever adjustments are required so as to save jobs where possible, contain inflation, increase productivity and engineer some positive growth in the economy. It is not impossible but challenging, which the country will be all the better for if we can overcome it. We are a resilient people who have been tried and tested before and have succeeded on all occasions. So why not again?

The debt to GDP ratio is determined, I believe, on a case-by-case economic matrix of each country. It is for the respective economists and institutions whose business it is to assess such data to do so and inform the country accordingly.

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Madam President, the hon. Minister informed the Senate that the Government is faced with a number of billion-dollar liabilities contracted by the previous Government which have to be honoured in order to discharge its responsibilities by same. Why play politics with this? Such declaration, if true, ought to be addressed and ought to be addressed in a responsible way.

I want to know, and the public also needs to know, what are the economic realities of our country? We need a reliable economic assessment once and for all. I do expect that during the interim, the business of the country has to continue and if it requires responsible borrowing by the Government, then so be it. The Government will be held, like its predecessor, to account for its management of the economy. If it mismanages the economy there are consequences like the previous Government, now Opposition, is aware of.

The Trinidad and Tobago public is no longer an ignorant public. It is no longer a public that its patience runs endlessly in the abyss. People are asking questions. People are hearing rumblings about the economic situation and want to make adjustments appropriately in order to deal with their day-to-day affairs, in order to provide for their families, in order to provide and cater for a future that is not uncertain, that must be based on some sort of reliable information. And as such, it is the responsibility of us here to ascertain that information and provide it to the public at large.

Madam President, it is quite baffling to me that all of us here, as Members of Parliament, on whichever side we find ourselves, must be cognizant of the economic realities prevailing in the world. The reduced revenues coming from oil and gas, the reduced prices in commodities. This is not localized to Trinidad and Tobago or to the developed world. It is a phenomenon happening right now in this world and we ought to put our collective efforts in order to determine what part should Trinidad and Tobago, given or peculiar circumstances, be able to navigate and get out of this in a positive way.

I do not see the drama involved or why it is necessary to engage in the extent of the politics that has been demonstrated in the discussion so far. You need to know whether or not the Government should be given an opportunity to be able to cater, just in case it needs to deliver on the promises that they set out as Government policies. There are in existence liabilities that need to be catered for and if that is in fact so, then what is the difficulty? What is the difficulty? The Government has to account for what they disburse, like any other person. If you were into a business, Madam President, and you have bought a business and you have not done what you call a due diligence and you get in; after doing your due

diligence, you realize that this business is fraught with liabilities and the resources to deal with running of the business is absent or poor, you will go to a bank and you will borrow this. This is what I believe the Government is faced with at this point in time, as simple as that.

To me, this debate could be very concise and short and to the point. How is the Government going to lay out its plans and execute them if it is the economic realities are not certain, are not verified and there are no resources to pay for it? It just does not make any sense to me. It just does not make any sense to me.

So, Madam President, I am not going to be using up 40 minutes, as the case may be, in arguing something to me that is obvious. I am prepared, when the time comes, to support this Motion. I am not prepared to support the amendments made by Sen. Wade Mark, with the greatest of respect, because I do not see it as being necessary at this point in time.

This Government needs time to address itself, to bring back to the public what exactly are our economic realities, what are we faced with and how are we going to deal with it. I think it is just fair that you give them that time to do it. And upon that time, when the information comes, we will hold them to it, hold them to account.

In closing, Madam President, I seek your indulgence so that I may congratulate Dr. Singh, the former temporary Independent Senator, who is also a differently abled member of our productive society practising as a vet in San Fernando. He was able to persuade the San Fernando police to remove their mobile station from the parking spaces at Gulf City Mall reserved for the disabled; apparently about three or four spaces so reserved.

This occurrence happens on a frequent basis where disabled people are encountering on a regular basis in all public spaces where they go to park. You would see able-bodied people parking there and walk away with a great indifference. It is highly disrespectful, it is highly uncaring and it is time we as a people address this.

Disabled people are not looking for charity. They are just looking to be able to participate, as any other member of society, equally and in order to do so, accommodation, or whatever needs to be adjusted should be adjusted so as to cater for that and parking is a nuisance where you go.

I seldom park in a disabled spot because it is either some able-bodied person has parked there, or if the parking space is being created it is so small it makes no sense by the time you come out with your wheelchair. So you have to park somewhere else where you would not be intruded upon.

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So I am looking forward that the Government—hopefully in this dispensation, if money is created, that some money is provided for the education of the public in being more sensitive until the legislation is before us where there are fines and penalties, stiff ones, to avoid people parking in spaces where they ought not to.

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

The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan): Madam President, it is a pleasure and an honour for me to join this debate on the Motions before this House, the first of which is the Development Loans Act, which proposes to increase the borrowing limit from \$30 billion to \$45 billion, a net increase of \$15 billion.

The second Motion, the Guarantee of Loans (Companies) Act, which proposes to increase the borrowing limit from \$25 billion to \$45 billion, a net increase of \$20 billion, and just to make reference to the third Motion that we would debating later on, the External Loans Act, to increase the borrowing limit from \$15 billion to \$30 billion, a net increase of \$15 billion; an aggregate borrowing limit of all three Acts amounting to \$50 billion. Just to draw reference to the fact that these same three Motions were tabled here in 2011, where there was a net increase in the aggregate borrowing of \$32 billion, and as the Minister of Finance has already indicated, in four short years it has used up \$28 billion of this facility.

Madam President, just to quote some statistics again, I am just repeating the Minister of Finance, but just to go on the record, borrowing, obviously, affects your debt-to-GDP ratio but borrowing is fundamental for your own credit rating and for the credit rating of a country.

I remember I was posted to the United States on a project called the Southern Basin Consortium way back in 1991, when we did not have foreign credit cards. I went in with a tidy sum, from Petrotrin. I was based with Exxon, exploration in Houston, Texas, at the time, big bank account. So I went and applied for a credit card. “Dey say: Mr. Khan, you cannot get a credit card because you have no credit rating.” So it is important that you borrow and repay even in good times. So we have been borrowing in good times and in bad. So our debt to GDP ratio, as Minister Imbert said, it was at a high of 70 in 1990, it was reduced back to 51 per cent by 2000 under some successive PNM administration. It went to as low as 32—[*Interruption*]

Hon. Imbert: Lower.

Sen. The Hon. F. Khan: Twenty per cent, actually, from 2007/2008 and it is now back up in 2015 to 46.3 per cent to be exact. If we go through with some of these borrowing figures that we hope to do we are making a commitment that it would be no higher than 60 per cent of GDP, 60 to 65 per cent, and we know that is an international benchmark figure. We would try to keep it as low as possible.

But Madam President, let me just make some comments on some of the contributions before. I want to start by complimenting Sen. Ian Roach for what was an extremely well-balanced contribution [*Desk thumping*] not because he supported or he purported to support this Government's position on the matter, but it was really a balanced approach to economic management. This does not call for long talk, although I would take my 40 minutes, unlike him, but he capsuled very succinctly what the issues are facing us. But, for the purpose of the *Hansard* I would have to say more because I speak also, not only to the national population, I speak for the record.

Let me deal with Sen. Wade Mark. What is our economic plan? We went to the population with this document. Okay? It is a well-structured document. It deals with infrastructure. It deals with energy. It deals with diversification. It deals with agriculture. It deals with local government reform and rural development and I will link that to some of the projects we plan to implement. As we implement—this is now official Government policy.

Sen. Dr. Mahabir: Will the Minister give way?

Sen. The Hon. F. Khan: Yes.

Sen. Dr. Mahabir: Madam President, I really do not want to interrupt the Minister but I do not have a manifesto. Are you going to table that in the Senate to make it an official document available for all of us?

Sen. The Hon. F. Khan: It will be tabled both in the House and in the Senate but I promise you, before the week is out I would hand deliver, by courier, a copy of this to you and to all Members of the Independent and Opposition Benches.

Sen. Dr. Mahabir: Thank you very much, Sir.

Sen. The Hon. F. Khan: Madam President, let me just make a passing statement on our economic policy and what we inherited, especially in relation to the energy sector, because the energy sector is the lifeblood of the economy of Trinidad and Tobago, for better or for worse, but it is an historical antecedent that we have to face the reality of. This PNM administration and PNM of the past had Ministers of Energy of high repute and high standing. We had Errol Mahabir. He

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unfortunately passed a couple of months ago. We had Mr. Patrick Manning himself serving as energy Minister. We had Mr. Barry Barnes, all of them credible.

Madam President, one of worst run sectors in Trinidad and Tobago over the last 2010 to 2015 was the Ministry of Energy. [*Desk thumping*] There is something called the Standing Committee of Energy, which is normally chaired by the Prime Minister. I sat on the Standing Committee on Energy under Patrick Manning. We met religiously every month. I now sit on it under Dr. Keith Rowley, Minister Imbert, among others. We meet every single month. It is my understanding that the Standing Committee on Energy, which was chaired by the hon. Kamla Persad-Bissessar, met three times in five years.

There is a chronic gas shortage on the supply side. When Dr. Rowley spoke about it at the Energy Chamber earlier this year he was ridiculed by Sen. Ramnarine at the time, saying that gas deficit was largely based on maintenance operations offshore. Dr. Rowley just came back from London. He met with the head of bp, the head of BG and the head of Shell and he indicated at the airport that that is a permanent, so to speak, gas deficit, unless something happens on the exploration and production side. What was the Ministry of Energy doing all along this time? Oil production has dropped from 100,000 barrels to 70-something thousand barrels a day. No action plan has been initiated on Trinmar and Trinmar is really our prized oil asset on land as we speak.

The Pou, Teak and Samaan fields, which were producing 210,000 barrels a day in 1977 are now down to 15,000 barrels a day. Loran-Manatee, it is only since this administration came into power that we have initiated high-level discussions with the Maduro Government in Venezuela.

Hon. Imbert: In one month.

Sen. The Hon. F. Khan: In one month and we are in the process now. They will be meeting shortly in Port of Spain again, I think later this month, to progress these discussions because Loran-Manatee is probably our only hope, in the short term, to rectify this gas deficit.

So we have an action plan. But I have to deal with the debt, but I just made those points on energy: exploration, increasing land production and offshore production, especially in Petrotrin assets, the monetization of the cross-border gas reserves, especially in Loran-Manatee and initiating now exploration by the majors out there, bp, BG and Repsol.

I want to just deal with some comments by Sen. Creese. Again, a well-structured contribution. He spoke about waste to energy coming under local government. It is something we are actively pursuing as we speak. But I really want to talk about the consultation building concept that he enunciated. Madam President, this Government is committed to consultation. As I speak, I refer you to today's *Express* editorial on our local government reform agenda, and we were very well received in some statements that I made.

Our first consultation on local government reform will be held on 18th December at the City Hall in San Fernando. I invite all Senators who want to make themselves available, come and hear what our plans are as we consult with the national population. There would be 14 of these consultations in Trinidad and one in Tobago to gain learnings from the Tobago House of Assembly.

There would be a consultation on the energy sector in January or February next year where we will be calling in all the stakeholders to a major consultation which would very likely be chaired by the Prime Minister as leader of the Standing Committee on Energy, where we would be getting feedback from the various interest groups and support groups.

In the first quarter of 2016, there would also be a major consultation on education which, again, would be handled by the Minister of Education. If I am to quote the hon. Minister of Finance, in January there would also be major consultation on the Gaming and Betting Ordinance.

Hon. Imbert: It has started already.

Sen. The Hon. F. Khan: It has started already because we want to come to Parliament with this Ordinance because this gambling thing is causing a problem in Trinidad and Tobago. However, it is an untapped source of revenue. So we want to have public consultation as to how we approach this as a nation.

There will be consultation on the Insurance Bill. Okay? Mr. Hadeed, I understand you are an insurance executive, so we look forward to having your contribution on these matters. So consultation, policy, programmes, that is why we need the borrowing. We need headroom, so to speak, as we try to get this country back on track.

As Sen. Roach rightfully said, you have to do due diligence. We are only in office four months and the due diligence is coming fast and furious and as it comes with greater clarity all will be told to the citizens of Trinidad and Tobago.

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But, Madam President, what did the Government do in five years, the previous administration? Again for the record, when we were in Opposition, Dr. Rowley in particular, myself as chairman of the party, Mr. Imbert as Member for Diego Martin North/East and also as the party's Vice-Chairman, we were up and down this country indicating to the population that the economy was being mismanaged. But little did we know the extent of the mismanagement. It is only now unfolding to us the extent of the mismanagement of this economy.

Every successive year from 2010 has had record budgets. The year 2010 was a record budget, 2011 was a record budget based on 2010 and it continued until 2015.

Minister Imbert, Minister of Finance already indicated that the accumulated deficit over those five years was approximately \$27 billion. Over \$300 billion was spent and wasted in profligate expenditure in five years, with no transformation or modernization of the country's infrastructure or the country's institution or improvement in the lives of the ordinary citizens, \$300 billion, you know. Good?

In addition to that, an accumulated deficit of \$27 billion, over \$300 billion expenditure. They went ahead and borrowed \$28 billion out of the \$32 billion in the cap. So \$300 billion, \$27 billion, \$28 billion. That was not enough. They used up the cash reserves at the Central Bank, which was positive \$6.5 billion in May of 2010, and reduced to a deficit negative \$8.5 billion within \$200 million of the limit.

Hon. Imbert: It was \$8.8 billion.

Sen. The Hon. F. Khan: \$8.8 billion. Still that was not enough. I do not want to use the word pilfered, but they took \$14 billion in cash from the National Gas Company. Okay? As the Corporation Sole, you are entitled to 50 per cent of the profits at dividend payment but this was way beyond that. They actually went into the coffers.

Madam President, you do not take the cash reserves of an energy company. Do you know Rivulet Road cost \$70-something million to re-sheet and that was paid for from the cash of the National Gas Company?—the Rivulet Road contract, which was administered by the Ministry of Works. These are some of the issues that we face.

The sum of \$14 billion from the HDC, cash balance went down to a negative 8.5. I have it here written down that you had to hide your children piggy bank from the UNC. Because any—and Sen. Lester Henry said under the mattress. “Dey

looking for money anywhere, anywhere. Anywhere dey looking for money to spend” and the quantum of spending is obscene. And what you see for it in the country is absolutely nothing. And all the now so-called flagship projects, the Brian Lara Stadium was not completed. The Government Campus Plaza was not completed. All these buildings and projects were almost 90 per cent completed in 2010. All it needed was an incremental amount of money to outfit the Government Campus Plaza, the Ministry of Education, the Ministry of Legal Affairs Towers, the Customs and Excise building. It is only in 2015, when the UNC saw water more than flour they ran—and I will show you that just now—to the borrowing agency and borrowed \$400 million, \$500 million to start the contract to outfit those buildings, just when the election was dawning upon them.

So, Madam President, all this happened—and they are speaking about recession now, the Central Bank Governor. Recession on or not, it is still subject to verification by the Minister of Finance, through the CSO. But in 2010 to 2015, as Sen. Lester Henry said, world oil prices were very high. There was no issue of revenue.

In 2011 WTI, West Texas Intermediate, averaged at \$94.87; in 2012, \$94.11; in 2013, \$97.91 and in 2014, \$93.26. So, out of the five years that the UNC was in office, four of those five years had oil prices approximating US \$100 per barrel for West Texas Intermediate and they still ran an accumulated deficit of \$27 billion. Gas prices, I have Henry Hub figures here—*[Interrupted]*

Sen. Hadeed: At the same time, if you could please give us the same gas price for that period of time that you just called, please?

Sen. The Hon. F. Khan: I have gas prices here but it is Henry Hub prices and we do not get Henry Hub prices. We get significantly higher than that, sometimes 100 per cent above Henry Hub because we sell in Latin America, we sell in Asia, we sell in Japan. Okay? And then again, it is the netback. That is a whole issue that is under serious consideration now by the Standing Committee on Energy because we are not extracting maximum value as a State, from the sales of, in particular, LNG. And Sen. Small will bear me out on that.

But, Madam President, what will we do with the money? We will honour our liabilities, because this Government honours the sanctity of the contract. That is what makes Trinidad and Tobago the gem of a nation it is, because successive administrations—and we will be honouring the sanctity of the contract. We will be paying outstanding liabilities to contractors, but we will be very prudent, understanding the wastage and lack of accountability and transparency over the last five years.

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Madam President, in the Ministry of Works—I am sorry the Minister of Works is not here to say it himself—there are over \$100 million in contracts that they do not have a letter of award, they do not have a tender document. The contractors are claiming they got the contract through word of mouth from the Minister. Understand that, \$100 million worth of—“you know how much time—if it is a million dollars a contract, it is 100 times the Minister have to say go ahead and do that you know”. Okay?

We will be using this money to finance budget deficits in the events of shortfall in revenue because there is revenue, there is expenditure, there will be some borrowing that is required to balance the budget. But most importantly, let me stress that, Madam President, most importantly this borrowing, which will be done prudently and transparently is really to fund the developmental agenda of this PNM administration.

3.30 p.m.

Here is a list of some of the projects. We will complete the Point Fortin Highway. I have something to say on the Point Fortin Highway shortly. We will complete the Point Fortin Highway. [*Desk thumping*] We will construct through our rural development initiative, the Valencia to Toco first-class arterial road. [*Desk thumping*] We will build the Tobago port and ferry service from Toco to Tobago, [*Desk thumping*] running on the hour every hour. [*Desk thumping*] It will now take you 40 minutes from Valencia to Toco, and the tourism potential of that is tremendous.

Prime Minister Rowley has a saying that what separates Trinidad from Tobago is not the sea, is a ticket, because nobody could get a ticket to go to Tobago, whether it is on the air bridge or the sea bridge. We will bring an end to all of that. The tourism impact of a UK citizen coming into Tobago for a week, he can spend a day in Toco, come and see the beauty of the Northern Range and go back in the afternoon. This will also spur rural development, which I have responsibility for as the line Minister. We will continue the National Highways Programme. We will be constructing the San Fernando to Mayaro Highway, the Wallerfield to Manzanilla Highway, and then a road link—whether it is a causeway or whether it is an alternative route from Port of Spain to Chaguaramas.

Mr. Imbert spoke about our plans for the mass-transit system. We are awaiting an IDB report in February of 2016, before we make our final investment decision. We plan to move the Port of Port of Spain eastwards, okay?—close down the Beetham landfill. Sen. Creese, there may be a plan afoot to convert garbage into energy, okay? And bring a permanent closure to the Beetham dump which is really an eyesore coming into your City of Port of Spain.

Again, on the rural development side, we plan to upgrade the Moruga Road, which is, as we speak—Sen. Shrikissoon—littered with landslips, okay? And build a modern fishing facility in Moruga, so that the rural people of Moruga can have an economic base, and have a market for their fish. Moruga has the largest fishing fleet in all of Trinidad and Tobago. Twenty per cent of the pirogues registered in Trinidad and Tobago comes out of Moruga.

We will be building a new airport terminal building in Tobago, okay? So that right now if a wide-bodied aircraft lands in Tobago is pressure, the customs space is too small. The immigration space is too small, and if tourism is to develop in our sister island, these are some of the infrastructural projects that have to be done.

So we have an agenda. We are proud of it, and as we borrow prudently, and as we manage the expenditure/income profile of the State, we think that there will be enough cash and/or resources to pump into some of these long-term development projects. How many minutes do I have, Madam President?

Madam President: Well, you have until 3.51.

Sen. The Hon. F. Khan: 3.51? All right.

Hon. Imbert: Twenty minutes more.

Sen. The Hon. F. Khan: Twenty minutes? Well, “ah now on ah ball”. Madam President, I want to spend some time dealing with the Point Fortin Highway, Caribbean Airlines, Trinidad Generation Unlimited, and I could probably exhaust it by then.

Madam President, the Point Fortin Highway was or is claimed to be their flagship project over the last five years. Well, let me go on record as saying that the Point Fortin Highway was conceptualized, designed and virtually was on the cusp of implementation by a PNM administration. Having said that, the Point Fortin Highway is the single, largest infrastructural project ever undertaken in the history of Trinidad and Tobago—understand what that means, you know—the single, largest infrastructural project ever undertaken in the history of Trinidad and Tobago estimated at a total cost of \$7.5 billion.

What type of economist, accountant, banker, politician, or even layman could ever conceive that a project like this could be funded from the current account? It is like you in your personal finances, taking all your cash money to build a house cash, and then have to go and borrow money to buy groceries; that it what it is. [*Desk thumping*] You take your money, you build your house cash, and you have

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no money to buy groceries. Now, you could have gotten a long-term mortgage through TTMF at 4 per cent and 5 per cent, you have to go and face the bank with 15 per cent for short-term consumer loans. That is the travesty and the scandal and the ridiculousness of this highway. A project like this could have been easily funded by a multi-lateral agency as the IDB, but you know why they did not want to go to IDB? Everybody knows?

Hon. Imbert: Procurement.

Sen. The Hon. F. Khan: Procurement standards, because the IDB has their own procurement rules. “Yuh cyar take no money and doh procure” according to my rules.

Hon. Imbert: Transparency

Sen. The Hon. F. Khan: Transparency, accountability—the IDB is a watchman over their money. It is purported, I do not know, but it is purported, and it has been rumoured, and it has been alleged that this contact was negotiated in South Africa.

Hon. Imbert: It was.

Sen. The Hon. F. Khan: I would not call the name of the person, but let me put on the record, Madam President: a typical IDB loan, listen to me, a typical IDB loan has a five-year moratorium. I am speaking to the national population, not to you, Senators, but a moratorium means you do not pay anything for five years. The interest is approximately 3 per cent to 4 per cent, and the repayment period is between 20 to 30 years. Madam President, this is the closest thing you will ever get to free money; they foregone this, to fund the largest single infrastructural project in this country from the current account.

Let me read the funding of this exercise for you. When this contract was signed—I want you all to take your minds back. Jack Warner, Minister of Works at the time threatened Winston Dookeran, Minister of Finance at the time, that he had to find the money to start the highway. The Prime Minister of the day, Mrs. Kamla Persad-Bissessar, went down to Golconda and took an excavator and made a little movement so, “dig up ah piece ah dirt”, and that excavator stood there for six months after that, because Mr. Winston Dookeran could not find the \$1.5 billion for Jack Warner.

Lo and behold, there was this big cheque that was published on the papers, with \$1.5 billion to start the highway. Let me read this, funding was received as follows:

On June 27, 2011, NIDCO received \$1.5 billion as an advance from the Ministry of Finance, this being the first tranche.

That is the \$1.5 billion. However, one of the problems of that project was that the \$1.5 billion was received, but the site was not ready to be handed over to the contractor. So six months past after that, with the Government paying liquidated damages to the contractor for not being able to access the site. That went into about \$300 million or \$400 million.

On August 08, 2012, one year after, NIDCO received another \$1 billion as an advance from the Ministry of Finance. This represented the second tranche. In fiscal 2014, NIDCO received \$900 million almost a billion in advance from Ministry of Finance.

And in October 16, 2014 NIDCO received \$200 million as an advance from the Ministry of Finance.

This is where it gets “curiouser and curiouser”:

In fiscal 2015—and I want to read this in its entirety—on November 26, 2014, the Ministry of Finance and the Economy indicated the agreement of the Government that the Royal Bank Trinidad and Tobago Limited be awarded the mandate to arrange and underwrite a bridging facility for up to one year in the amount \$1.5 billion.

A bridging facility for one year, at high interest.

Mr. Imbert: “Yuh hah to pay it back.”

Sen. The Hon. F. Khan: “Yuh hah to pay it back in ah year”, to fund something that was supposed to be funded from the IDB, then funded from the Ministry of Finance.

Now, the Ministry of Finance found itself having no money, they went for bridging finance for one year. Imagine the interest on that.

It was also agreed that the RBC Merchant Bank Caribbean Limited be awarded a mandate to arrange for a 15-year fixed-rate bond to replace the aforementioned bridge facility.

So you take bridging finance for a year, then you go back for a 15-year bond issue to fund the same thing. This is fiscal mismanagement of the highest order. [*Desk thumping*]

As we speak, to date, NIDCO has received \$1.5 billion in funds from the Ministry of Finance. That is 68 per cent of the \$7.5 million drawdown. The highway is no more than 45 per cent completed. Those of you who are from San

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Fernando, Sen. Shrikissoon and Sen. Melissa Ramkissoon, you can bear me out, there is more unfinished segments in the highway than finished segments. And it gets worse than that. It gets worse. Let me just tell you something here now, that the country will know for the first time:

In an effort to keep the cost within the \$7.5 billion range mark, so just to say that there was no cost overruns—let me repeat that—just to say that there was no cost overruns to the \$7.5 billion, and having borne in mind that there was liquidated damages paid to the contractor for the lack of availability of the site when the contract was signed, they did something called “value engineering”.

What does value engineering mean? Is to downgrade the scope of the highway to keep it with the price within range. Here what they destroyed: Indicative design: Penal Interchange; final design, Penal Roundabout. So they moved from an interchange to a roundabout. Siparia interchange, indicative design, final design, Siparia roundabout. And there is a third one. The main one. I lived in Fyzabad for years. Fyzabad interchange, downgraded to Fyzabad roundabout.

So here you have, ladies and gentlemen—we are going to stop this, you know. You cannot spend \$7.5 billion to build a freeway from San Fernando to Point Fortin and put three roundabouts in it, and spend the same amount of money, [*Desk thumping*] because a roundabout is not a freeway. You might as well put traffic lights, [*Laughter*] \$7.5 billion and the highway has been downgraded by the three major intersections. The only interchange that remained and survived because it was early in the game was Debe. So from Debe you go to Penal. Penal interchange has been converted to a roundabout. Well, from Penal you go to Siparia. Siparia from an interchange to a roundabout, from Siparia to Fyzabad, and then you go down to St. Mary's, La Brea and Point Fortin.

Hon. Imbert: Shameful!

Sen. The Hon. F. Khan: Sen. Lester Henry, your lecture, you could have this as a test case as how not to do a project. [*Laughter*]

Madam President, I have five more minutes? 10 more, okay. Let me just deal with Caribbean Airlines, because unlike what Sen. Roach said, it is important that the country understand why we are here today. You just cannot forget it, because somebody must be held accountable for the serious financial situation we are in today. [*Desk thumping*] Do not only say move ahead, move on. That was the Prime Minister's mantra all along from Resmi Ramnarine, she said let us move ahead. We cannot move ahead unless the country understand what had been happening here.

Caribbean Airlines—I really want to spend five minutes on Caribbean Airlines. One of the loans that was taken out was in August 2012—a loan of US \$50 million or TT \$320 million for financing operating expenditure of Caribbean Airlines. Madam President, under Prime Minister Manning, we shut down and we retired BWIA, cleared their balance sheets and formed a new airline called Caribbean Airlines. Caribbean Airlines was given a fresh start. We made structural changes and structural adjustments to Caribbean Airlines. I was the Minister of Works at the time.

One of the fundamental things we did about Caribbean Airlines was to stop the London route, because you cannot run an airline where the bulk of your haulage and your passenger load goes into a short-haul distance to Miami, *Fort Lauderdale*, Orlando, New York, Toronto, and then have a wide-bodied, long-range component with only one route. The PNM administration got a lot of criticism from selling the two Heathrow slots, and say it was undervalued and what have you but, having said that, we worked out an arrangement with British Airways to take load.

3.45 p.m.

Lo and behold, when this Government—well, this PNM administration—demitted office in 2010, Caribbean Airlines had a cash balance of close to TT \$1 billion, and here you are in 2012, you are borrowing \$320 million to finance operating expenditure. You know why?—because they went back and reinstated the London route with some high-cost Boeing 767 aircraft. And most recklessly they went ahead and purchased nine ATRs in cash, nine ATR planes to service Tobago and the Caribbean in cash. No airline in the world, from American to even the great Emirates, “doh buy plane in cash, dey does lease plane in cash”, and the Emirates have money, because every referee in the world and every top football side has “Fly Emirates”. They have money they do not buy, we bought nine ATRs in cash, depleted the cash reserves of the country.

Going to the expensive and high-operating-cost London route with Boeing 767s, I do not want to criticize Boeing but it is probably the worst plane in the world, okay, and that is where the position comes now. So that the new management of Caribbean Airlines now has to say by March of next year they would have to retire the London route. You know how Dr. Rowley put this? On the election campaign he said—*[Interruption]*

Madam President: Minister, you now have five minutes.

Sen. The Hon. F. Khan: Yeah. He said, you know sometime you have cancer, you take radiation, you take chemotherapy, and the cancer goes into recession—[*Interruption*]

Hon. Member: Remission.

Sen. The Hon. F. Khan: Remission—and your biggest fear is when you come back to the doctor the doctor tells you that the cancer has reappeared. This is what happened to Caribbean Airlines. It went into remission, radiotherapy, chemotherapy—what other advanced medical technology—[*Interruption*]

Hon. Imbert: Surgery.

Sen. The Hon. F. Khan: Surgery and all, and there you go, the cancer came back worse than before because of mismanagement by this former UNC administration.

One final point, Madam President, as I am on a roll here, Trinidad Generation Unlimited. Sen. Lester Henry spoke about Alutrint, Alutrint was the only source of additional revenue that this country was going to have. Granted there was an environmental issue, I have no complaints of the environmentalists who had their objection, but the key factor of Alutrint was the disposal of the pot linings, and we clearly articulated that the pot linings would have been disposed in the United States of America. I think in the State of Pennsylvania. The TGU plant was built—because for those of you who did your chemistry it is electrolysis that produces aluminium, and electrolysis calls for cheap electricity, either through hydroelectric or through cheap gas.

As a matter of fact, for the records, that gas was a tranche of gas in lieu of royalties from the old exploration and production. Sen. Small is shaking his head, and that was a well-thought-out project. Here we are now, on August 25, 2015, Republic Bank Limited, loan \$1,612,590,423 to T&TEC. You know what that is for? To repay Trinidad Generation Unlimited for outstanding payment for the supply of electricity. And you know why?—because there is something called a take-or-pay contract. So it was designed to send that power to Alutrint. You shut down Alutrint without giving it a second thought as to whether it was a prudent financial decision to shut it down. Take-or-pay, so you did not take you still have to pay, and this country had a debt of \$1.6 billion to Republic Bank Limited because again of spite and mismanagement by the former UNC administration in shutting down the aluminium smelter. [*Interruption*]

Hon. Imbert: \$1.6 billion?

Sen. The Hon. F. Khan: \$1.6 billion.

So, Madam President, I think I have made a case where we need this additional borrowing headroom, so to speak, but I have also made probably more succinctly the case as to why we are in this position today, gross mismanagement. Ladies and gentlemen, I am so happy that we have seen the back of the previous administration. Let me, if I have one minute before I close, because Kamla Persad-Bissessar, as Leader of the UNC, has lost five straight elections, she has now lost seven straight elections, [*Desk thumping*] because last night the PNM won the Malabar South seat by 1,600 votes to UNC 29. Sixteen hundred to 29, they got 1.7 per cent. Let me say that again, 1.7 per cent of the votes cast. We won the Auzonville/Tunapuna seat, 2,459 votes to 325. [*Desk thumping*] Madam President, the PNM is alive and well, our election machinery is still strong, and we plan to govern this country for a very long time to come. Thank you, Madam President. [*Desk thumping*]

Madam President: Sen. Munro.

Sen. Wayne Munro: Thank you. Good afternoon, everybody. Thank you, Madam President, for this opportunity to present in this debate that looks into development expenditure \$50 million, state companies \$20 million, a total of \$35 million—[*Interruption*]

Hon. Member: Billion.

Sen. W. Munro: Billion dollars, thank you. Not million, but how much?—billion dollars.

I am not a new person to the Senate, and I know in the spirit of the discussion I may have to pelt a few punches above the waist. I know I have to do that. Right? [*Interruption*] Pelt it anywhere? On the foot, all right. Okay. Now, in the spirit of the debate, I need to first comment on those persons who have contributed before. I will first start with Sen. The Hon. Franklin Khan. He started off his contribution agreeing on our side by stating that borrowing helps to increase a country's credit rating, which was in total contradiction to the hon. Minister of Finance who questioned whether why we borrowed to increase economic development in our country, as well as to increase economic growth. So borrowing is necessary for one to increase one's credit rating in the economy.

Now, why you say borrowing was bad? And you know that our borrowing rate, the debt-to-GDP ratio, it was under 60 per cent, which I will deal with further on as I go on. He also went on to state that energy is the lifeblood of the economy

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of Trinidad and Tobago, and we all agree that the energy sector is the lifeblood for the economy of Trinidad and Tobago. So it means to say that if we are borrowing money we need to consider the energy sector, and if we believe the Minister, what he said, he said that the Prime Minister came from a conference and at that conference information was given to him as to the level of our extractions of both natural gas and as well as oil. If you allow me to go to the *Express* papers, I am looking at the *Express* papers; I am looking at Friday, December 04, 2015, and I am looking at this *Express* paper here. Now, this *Express* paper here, on the page itself, I am looking below the article, “Historic High Court...”, there is a next headline that states that “Security drill stirs public uproar as”—the Prime Minister, the hon. Keith—“Rowley flies home”, but I am not referring to that. I am referring particularly to what the hon. Prime Minister said, and it indicates to me that what he is saying here, and what the Members on that side are saying is in total contradiction. So I have to ask myself, is the PNM unorganized?

Here we have the Prime Minister saying one thing and Members coming to this House and saying something totally different. We on this side, we are always organized in our approach to sound economic management and policy. [Interruption] I am looking at page 3, the hon. Prime Minister said:

“Our problem is very real and on the basis of that understanding we have a ... real issue.”

He is speaking about the real issue in the economy, and the real issue is not pointing fingers at us as to say we caused the country to enter into debt; that is not the issue. The Prime Minister said the real issue is the report of the Ryder Scott, what is going on in the Ryder Scott report, as well as what is going on with the Gas Master Plan. Those are the issues, not pointing fingers at us on this side. I think you missed the boat, hon. Minister, by going in contradiction to what Prime Minister was saying in that *Express* newspaper. You missed the boat, and I would suggest that you form a caucus, and you tend to have a common stance as it relates to information that you bring to this honourable House, because I am going to show you that in a number of cases what I realize with the PNM, especially those on that side. Since you all started your contribution you are pointing fingers to us on this side, but you fail to realize that when you are pointing one finger at us, you are pointing four fingers at yourself.

Furthermore, the contribution made by Sen. The Hon. Franklin Khan, the contribution is not directed to any sound economic argument or logic, which I will explain. That side, you all missed the boat. That side, you missed the bullseye,

and, furthermore, you missed the People's Partnership Government by mentioning us over and over, and over and over again. If you cannot stand the heat into Government you need to what? Get out of the kitchen and call an election.

Now, the hon. Minister, Franklin Khan, went on to state, he talked about budget records and recorded budget deficit under our administration, the People's Partnership, but then he is silent on what is the budget—I will give way, tell us if not the PNM administration budget deficit for 2016 would be the biggest budget deficit to date. I will give way, should I sit down and allow you to answer that question or you want me to continue the debate?—right, but yet you want to point fingers. The hon. Minister went on to say they will build this and they will build that—we are going to build this, we are going to build that, we are going to build all kinds of things, but no indication as to when the plan will start and when the plan will what?—end. No issue about procurement at all.

The Minister went further—and this is for those who are listening who do not know proper economic logic and principles—he went on to say that the \$7.5 billion—was it \$7.5 billion highway? Is it that? He said, yes. He said that \$7.5 billion highway could have been what? Could have been constructed via what? A loan. It could have been via a loan, but if we went with the loan option—I want you to follow me on this here—if you went for the loan option you would have not come at this point in time to ask for what?—to increase your debt-to-GDP ratio for 65 per cent. The debt-to-GDP ratio would have been higher than 65 per cent because why are you—[*Interruption*]

Sen. Khan: You want me to make an interjection now? I would like to make an interjection—

Sen. W. Munro: Well, you would be taking into my time, Sir.

Sen. Khan: All right then, no problem.

Sen. W. Munro: Right. Good. So we will be faced with a higher debt-to-GDP ratio. The GDP-to-debt ratio would have been more than 70 per cent, it could have been 80 per cent, and which would have indicated bad management on our part. We did not mismanage the economy, the Prime Minister was correct, that the true problem is what?—the production levels of the energy products of Trinidad and Tobago, and you are saying something totally in contradiction to the hon. Prime Minister.

The last thing I remembered from your contribution you were quoting the hon. Prime Minister, you said that he spoke about an issue—like what? Is it like cancer in recession? What it is?

Sen. Khan: Cancer.

Sen. W. Munro: Cancer in recession. *[Interruption]*

Sen. Khan: Remission.

Sen. W. Munro: He said “recession” first. He said “recession” first, “it is a mistake yuh make”. Among all the mistakes the PNM is accustomed making in this House, they are sticking to what?—because they know the economy is in a recession. The central banker is correct. Then I go to the other speaker, in the spirit of the debate—he is not here now—*[Interruption]*

Sen. Dr. Henry: Yes, I am here.

Sen. W. Munro: My friend, you were not the other speaker, it is a speaker on this side I am referring to. Right? You have to stand in line.

Sen. Dr. Henry: Okay, no problem.

Sen. W. Munro: So, in the spirit of the debate, it is the Sen. Ian—is it Roach, the hon. Sen. Ian Roach?

Hon. Senator: Yes.

Sen. W. Munro: Right. What I took away from that debate is that the Senator is telling us—and I am in total agreement—that if the Government makes a decision now they will be making an uninformed decision. Correct?—because they just started into office.

4.00 p.m.

He went on to say that they would make an ignorant decision. He expects a good decision to be made in six months’ time. So the country now has to wait, as the economy is on autopilot as the PNM pulls themselves together for six months to do an economic evaluation, and where Sen. The Hon. Franklin Khan mentioned the “R” word that we economists are not supposed to mention.

In the spirit of the debate now—remember the spirit of the debate—we are logical on this side, we do not stray from issues, I am going to refer now to my friend. He is a very good friend of mine, a very intelligent man, Sen. Dr. Lester Henry—a very intelligent man. He is on that side; I am on this side. We sit opposite to each other now. One thing I remember vividly in his contribution is that he said he was noted or remembered when he was on this side, for making comments about “how to mismanage the economy 101”. Did you say that, Senator? Was it a paper he had? That is why he is on that side.

Madam President: Sen. Munro, can you please address the Chair.

Sen. W. Munro: Madam President, I apologize; I have been a bit rusty. He said that he is noted for “how to mismanage the economy 101”.

Sen. Dr. Henry: 101.

Sen. W. Munro: In order to mismanage the economy you have to look at schools not being reopened on time. Mismanaging the economy means what? You are looking at a fight with the Central Bank. Mismanaging the economy? Giving mixed signals; the Central Bank saying one thing and you saying another thing, Madam President. If you are looking at mismanaging the economy, you have to look at shutting down the country totally by doing nothing, waiting for six months to do an evaluation. That is how you mismanage the economy. He is correct. He is on that side, because he knows the theory of how to mismanage the economy 101.

The hon. Senator went on further to keep asking us on this side what to do, how to run the country. He mentioned examples of a helicopter with a bag of money. He went on to talk about our spending was reckless while we were in our term of office. If our expenditures were reckless while in our term of office, who brought the minimum wage to poor people? The minimum wage, we brought that. Who raised the minimum wage so that poor persons in this country now, could have a decent income to survive and live? [*Interruption*] I am coming to that just now—two minutes.

Madam President, I need your protection please from that side. Then you have the issue of what? You are talking about laptops for secondary school children. You are talking about reckless spending. Spending on the children’s future in terms of providing them with laptops, is that reckless, or is it a part of mismanaging the economy 101?

Then there is another issue altogether; there is the hospital issue. Reckless spending represents what? Hospitals, reducing hospitals, no hospital—and we are accused of being reckless for providing these basic necessities to a wide cross section of individuals; then, yes, you can say we are reckless. We care for the poor and underprivileged in the country. [*Interruption*]

Then they asked: where did the money go? Madam President, could I have your protection again, please. Where did the money go? The first issue is that it went for old-age pensioners, single parents, roads, and a whole set of individuals who benefited. Then my equal opposite—if I could refer to him as that; I have respect for him; he is an economist just like myself—he went on to talk about the

IMF, the International Monetary Fund report. Again, I ask the question: why is there a contradiction among the PNM? There is one person saying one thing and another person saying another thing. Disagreeing with the Prime Minister on one hand and disagreeing among themselves on the other hand.

Madam President, here we are having the talk. He spoke about the IMF report, about the CSO. He said what? It is not proper statistics coming out of the CSO. So on the one hand the economist is saying data coming out from the CSO is unreliable, is not proper—his words, check the *Hansard*—and then we have now the Minister of Finance before, in answering the question, saying, “I have to wait for information to come in from the CSO to determine whether we are in a rescission or not”—check the *Hansard*.

So on the one hand, one person is saying CSO information is not good, Sen. Dr. Lester Henry, and on the other hand the Minister is saying that he is waiting for information. There is a level of uncertainty—a level of what? This is not the PNM I know. When I came to debate the last time, it was a stronger PNM; there was consistency. It is easier now to talk with you all in terms of debating; you all have no consistency.

Then, Madam President, the true state of the economy. When we are referring to the true state of the economy, I am leaving with this in mind: he talked about “wolf tickets” in his contribution. The man who talks about “wolf tickets”, of “macajuel” season, is asking us now what the state of borrowing in our country is. That is what I got from his contribution.

Sen. Dr. Henry: You missed most of it.

Sen. W. Munro: I am moving on to the Minister’s presentation, in the spirit of the debate, commenting on everyone. Again I am asking about the CSO; 1 per cent fiscal growth in comparison to the Central Bank, 1 per cent decline in the growth. So right away we are seeing there is a separation, there is a dichotomy, there is a difference in the viewpoints. Fiscal stance is saying growth by 1 per cent; monetary is saying decrease by 1 per cent. But yet again the hon. Minister says that the data that he is waiting on is from the CSO. But again when asked about the foreign exchange covers in the economy, he said that there is about—is it 11 per cent?—11 months of export covering, and the standard benchmark is three months covering for the economy—which I will come back to later on.

After listening to all the contributions, I am of the opinion that there is no plan to increase GDP over the short, medium and long-term by this Government. Madam President, increases in GDP means what? Increasing a country’s

productive capacity, producing more. That is what it is, and there is no plan. There is no plan to cater for the decline in oil prices, oil production, gas outputs as well as gas prices in the economy. There is no plan to stimulate growth and foster economic development.

Under the People's Partnership Government we knew what growth is. Growth was across Trinidad and Tobago. It was north, it was south, it was central, it was east, and it was west and it was even in Tobago. *[Crosstalk]* All over Trinidad and Tobago. Now there is no clear direction. Given the contributions so far, there is no direction in this House for the country by this Parliament as to what the Government would spend the money on. All the Minister came with was a piece of paper, and telling us: "Stop Arima hospital; stop the vessel, coast guard", cutting down a number of projects. Is that how you plan to jumpstart the economy by cutting expenditure patterns? *[Interruption]* If you cut expenditure like that, it means that it will impact negatively on jobs and job creation. The more expenditure you cut, the more you hold back the economy and the more the economy will crumble or get smaller and smaller and smaller. *[Interruption]*

Madam President: Could we listen to the Senator in silence, please. *[Crosstalk]*

Sen. Mark: "Hush yuh mouth!"

Madam President: No, no, no, Sen. Mark; Sen. Mark. *[Crosstalk]* Hon. Minister of Finance. Could we listen to Sen. Munro in silence?

[Sen. Mark gestures with his hand]

Madam President: Sen. Mark, could you position your Chair, and not have your back to me, please. Thank you very much.

Hon. Senator: He is disrespectful! *[Interruption]*

Madam President: I did not ask for any commentary on my speaking to Sen. Mark. Could we now have Sen. Munro resume his contribution, and will we all listen in silence, please.

Sen. W. Munro: Thank you for your protection. *[Crosstalk]*

Madam President, there are no plans for job creation. The Couva Children's Hospital could have been an important avenue for job creation; the naval asset acquisition, an important part for job creation in Trinidad and Tobago. There are no plans to increase productivity. There are no plans to increase competitiveness. When you have productivity in an economy it means what? It means that you are producing more goods and services with the existing resources that you have available. The PNM does not know that.

We on this side know to take very little and stretch it out, such that the economy is made better off. That is what we are good at. But you all have no idea of how to increase productivity in the various sectors, and how to increase competitiveness in this economy. There was no plan to make the economy generate more foreign exchange. If the problem is foreign exchange shortage, in order to service your debt to GDP ratio, to have a low debt to GDP ratio, what are the plans in order to boost or increase your foreign exchange earnings?

Finally, within this section, there is no debt management or debt repayment system in place, given all the contributions of the Members opposite. Madam President, the debt to GDP ratio being in the vicinity of 65 per cent is not acceptable in this country. International benchmark—and the Minister speaks at length about benchmarking; he is correct. He speaks about benchmarking internationally, and once you are within your benchmark you are good, you are safe. He speaks about benchmarking. I must tell him that that is excellent.

He spoke about how looking at the way in which you compare what you have with other countries—that is excellent. But a GDP of 60 per cent for countries like Trinidad and Tobago, is good only for developed countries. The literature coming out of the University of Northern Lou states that 60 per cent GDP, the debt to GDP ratio, is adequate for developed countries, and for developing countries 40 per cent is adequate.

A debt to GDP ratio of 60 per cent is quite often noted as not being prudent management in a developed country. This suggests that it crosses the limits and will, therefore, lead to instability in the fiscal system. So if the Government is continuing with the idea that, “We are going for debt to GDP ratio of a value 70 per cent or 75 per cent”, what happens is that the confidence in the fiscal system will be brought into question.

For a developing and emerging economy a 40 per cent is suggested, the debt to GDP ratio that should be the benchmark.

4.15 p.m.

Now, when I go now to the central Banker—I am looking at the central banker’s presentation, I am looking at page 11 of that presentation. Right? Page 11. And I quote:

The debt ratio will continue to worsen over time.

So, the central banker is telling us that the debt to GDP ratio will continue to worsen over time once you pass a particular benchmark. Now a high debt to GDP ratio, it means that you cannot support your loan payments. Remember, it is debt over GDP. So if your debt to GDP ratio is very high, it means that the debt, your

country does not have the resources, it does not have the capability, it does not have the potential to generate output of goods and services to pay back for its debts.

On the other hand, if a country has a low debt to GDP ratio, Madam President, it is low—if it is low, 40 per cent, 46 and less when we left office, it means that the country could generate, Madam President, enough to repay its debt over time.

Now, if you have a debt to GDP ratio that is possibly too high, once the country starts borrowing—and this is important—if the debt to GDP ratio is too high, once you start to borrow, you will have to come back again and the Minister must give us the assurance that he is not going to come back here in 15 months' time to borrow again. Because once you reach that debt to GDP ratio, Madam President, it means that it triggers a spiral in the economy that causes you to come back to get more debt, get more debt, get more debt. We are travelling in dangerous waters under this Government.

Now, the hon. Minister came here and he gave us a history, a very important history lesson. He said we need to look at the debt to GDP ratio over time. I know he is here and I know he will correct me if I am misquoting him or misquoting the statistics. He said that under the NAR Government in 1991, we had a debt to GDP ratio of 70 per cent. Am I right, sir? He nods. He said yes.

Now, the PNM when they came into office in 1992 they inherited a debt to GDP ratio, Madam President, of 70 per cent. In 1995, we went down to 62 per cent. In 2000, 2001 to 2010 it went to 32 per cent. And they are estimating that over the period of time from—let us say from 2019 to, yes, a 6 per cent, a total average of 65 per cent of that ratio, Madam President. So it means that—straight from his quotes—what you are going to have is a case where in the country now we will not be able to what?—to repay our debt in both the medium and the long term, and the Government will come back to this Senate—in order to what?—to borrow more money. Right? To borrow more money.

Also, Madam President—[Crosstalk] not as an engineer. Right? The Minister went on to say that under their administration that there is a need to what? What is the best way to go about this fiscal analysis? And once you talk about fiscal analysis, there are three possibilities here for fiscal analysis. It is either you run a budget deficit or you spend more money than you have—and I know he is paying attention. You run a budget surplus where you contract the economy and you spend less in the country or you balance your budget. There are three circumstances you look at. Either you budget deficit to spend more than you have,

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and if you spend more than you have—as the People’s Partnership Government did in order to stabilize the economy and to promote growth and development within the economy, we could have because our debt to GDP ratio was under the international standards and limits. So we could have done that. And those are the true economic facts that are facing us.

And there is the other case where we could have a what?—a budget surplus. Run a budget surplus in the fiscal account, where you spend less. You cut back. And when you start to cut back expenditure in the economy, it means that you are what?—you are causing the economy to slow down. You are in a plane on automatic pilot—the economy—and you are cutting back, cutting back, cutting back. It means that persons would lose their jobs. The total economy, as you know it, will what?—slow down. Then there is the balanced budget. The ideal case. The most efficient one of all is the balanced budget, where your revenue patterns equal your expenditure patterns. And that is the one that everyone should try to work towards.

Now countries that have a high debt to GDP ratio are desired because they can fund infrastructural projects. Going back to the argument, Madam President, that our what?—our debt to GDP ratio would have allowed us to finance projects such as what?—such as the roads and bridges, such as the Point Fortin Highway because our ratio was appropriate.

Now, once you need to increase your output of goods and services in the country, Madam President, you need to invest. And what could you invest in? There are so many avenues that you could invest in and there are so many spill-over effects that could result from the investments in the highway and other typical projects.

Under the People’s Partnership Government, a farmer can now travel from south to Port of Spain expanding his market, expanding his income, accessing processes and so on and thus increasing income for him and boosting economic growth and development within the country of Trinidad and as well as Tobago.

Now before the highway, Madam President, a large amount of land was landlocked. You know what landlocked is? Right? Landlocked is when the land itself—you cannot access the land—but under the People’s Partnership and the highway, the economy benefited from land being what?—unlocked, and fertile soil became under cultivation because the highway was used as a major access road to provide food for a large cross-section of persons in this country, help pushing what?—the retail price index down—cause of availability.

Now, if you consider opening the Children's Hospital will cause what?—increases in services. Remember I started by saying what? The GDP is the total production in the economy of both goods as well as service. We need to increase our production of goods as well as service in order to drive the economy forward. So by opening the Children's Hospital you would automatically increase the array of services available and such increase employment in our country.

Now, the People's Partnership Government laid the foundation for reducing the debt ratio through a number of initiatives that they put in place. Among the initiatives we put in place was investment in IT. Investment in IT—and I must commend Sen. Stephen Creese for his contribution. His contribution was very important to us. He underscored the importance of development of the human resource. Very interesting contribution. He said that there needs to be investment in what?—technology. Am I correct? Such as what? Laptops, for example. You need to invest in the human resource such as the construction of the university in south Trinidad. That is investment in your human capital. That is increasing the capital stock available for people in the country of Trinidad and Tobago. The construction of new UTT campuses in Chaguanas. Again, we contributed to increasing what?—output of goods and services in Trinidad and Tobago. The new COSTAATT campus in Sangre Grande. Again, increasing in the contribution of services and service delivery.

The construction of the Children's Hospital. Tobago was not left out in terms of service delivery. The Scarborough Hospital with 240 beds, also, that is service delivery in order to cater to what?—persons who now have access to proper health care. A direct relationship, Madam President, exists between a healthy labour force and increases in production. The more healthy the labour force, Madam President, it means that they could contribute towards the development of our country, and that is what this People's Partnership Government did while we were in office. We contributed significantly to the development of individuals and to the development of growth and develop.

What the PNM is doing is increasing the debt by putting measures in place to reduce output in the economy. So, all the PNM is doing is putting measures place to reduce output in the economy. For one thing, you have to consider the fuel subsidy price. To Members of this Senate, two Mondays ago the price for transportation across Trinidad and Tobago increased by how much?—by two dollars across Trinidad and Tobago. An increase in transport cost would spell costs increasing throughout the country, thus contributing to what?—inflation. And the Central Bank Governor noted that—*[Interruption]*

Madam President: Senator, you have five more minutes.

Sen. W. Munro: Thank you, Madam President. The Central Bank Governor noted that to expect double-digit inflation; such was never the case under People's Partnership. We were able to hold prices down. Hold prices down.

Now also, increasing access to single parents. Parents, single parents had access to a fixed income, Madam President. Consider a young lady who made a baby. She had access to a grant of—is it \$500? Five hundred dollars to subsidize or to help her towards that food, that milk for that infant—taken away under the PNM. Then there is the putting-back of items that were once what?—zero rated. A number of items were zero rated under our administration because we care about the poor. We care about the underprivileged. We care about a vast number of persons in Trinidad and Tobago and we know what the basic needs are. But under the PNM administration, there are no more or the list for the zero-rated items has what?—has been decreased.

Now, not to mention that in economic development and growth you want to keep away from further increases in prices. And to date, the PNM has caused inflationary expectations. That is a big word. It means that there are expectations of future price increases as a result of the pending property tax to come in January. When they campaigned they never mentioned property tax, but now they are mentioning what?—property tax. Mary, a PNM activist in Tunapuna, came to me and said, after the budget Mr. Munro I had no—a very important activist. She was a street captain. Mr. Munro, I have no knowledge that my party would have come with the property tax. If I only knew that, I would not have stained my finger in that direction. [*Crosstalk*] That is what she said. Right? So, we see now that the property tax is causing inflationary expectations.

So, the economy of Trinidad and Tobago, we are in a recession, and what the Government is trying to do is contract the economy, close the economy down. Shut down, shut down, shut down, shut down. High tax, high, tax, high tax, high tax. In other words, the PNM by its inaction and non-action is making the economy worse off. And they come to this honourable House to ask us, Madam President, what to do? Every statement of the contributors on that side, they said what?—What we would have done if we were in their case? But they are the ones that said what?—“we in charge now”. So if you are in charge now, if you cannot stand the heat, Madam President, you need to what?—get out of the kitchen. Thank you very much, Madam President. [*Desk thumping*]

Madam President: So at this time we will take the tea break. This sitting is suspended until 5.00 p.m.

4.28 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

LEAVE OF ABSENCE

Madam President: Hon. Senators, before we continue with the debate, I would like to revert to the item, Announcements by the President, just to inform all Members that leave of absence has been granted to Sen. Sophia Chote, SC.

Sen. Richards.

DEVELOPMENT LOANS ACT (INCREASE IN BORROWING)

Sen. Paul Richards: Madam President, it is an honour to be able to contribute to this important debate in the interest of the people of Trinidad and Tobago. I thank you for the opportunity.

I shall be following in the lead of Sen. Roach who delivered earlier, and to try to be as concise and efficient as possible in the interest of time, though I know we are allotted 45 minutes. To me quite a bit of the debate, though important to put on record as part of an important process, is academic. The imperatives are very obvious for the country's international credibility, and based on the earlier articulations of the Minister of Finance in terms of the history of petitions to raise these borrowing limits, I think it puts it in an interesting context.

I would like to frame my contribution in the context of not necessarily the economic pie—you know, there are several economists on the Independent Bench—but in what I shall describe as the ghost in the machine, inclusive of productivity, competitiveness, food security, national and regional security, the criminal justice system, among others.

Interestingly enough, I know this conversation which I should start with, the issue of productivity, in the context of the petition to raise the borrowing limit is one which the hon. Minister of Labour and Small Enterprise Development and I have had in different arenas in the media for many years, and I think it is important especially in the context of the economic times we find ourselves in, and the fact that we are still running deficit budgets and are also seeking to finance developmental and infrastructural projects for the country. And why productivity to start? Well, if we are thinking of borrowing money, which is part of what we have to do as a country, we have to at the same time think of how we are going to repay, and the repayment really comes with a sense of how are we preparing ourselves as a country for this repayment? For sustainability? Because

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our economy needs to be able to sustain itself for our citizens, and also repay the loans and not simply keep, as the old saying goes, kicking the can down the road for future generations.

It is interesting that our forefathers or forefather as some would put it, put as our watchwords: Discipline, Production, Tolerance; and sometimes we have not placed enough attention on the issue of productivity in the context of sustainability of the economy and moving down, how we can continue to provide for ourselves in this country. And very often also, Madam President, we tend as a nation to delineate the responsibility of productivity to the Government or the Opposition, and not enough attention is placed, in a national discourse, on the population getting involved and getting a sense of what their role is of being productive in Trinidad and Tobago.

No matter how much money we borrow, how much money we budget, if we are not focused on productivity and by extension competitiveness, we will be simply spinning top in mud as we say in local parlance, and not be able to be competitive in an ever changing global environment that can be sustained to move our country forward. And to just give an example, I really think that productivity needs to be placed in the context of patriotism for every citizen of Trinidad and Tobago. Very often we think productivity, we think of companies, firms, private/public sector, but every citizen must be able to have a sense of ownership of productivity, especially when we are talking about budgeting and finance.

When we are not productive, when we go to work late, when we skip the lines, when we break the law, when we offer and accept bribes, when we litter indiscriminately, when we do not take care of the environment, we may think we are beating the system. But, are we really beating the system? Who are we beating? We are beating ourselves. We are beating figuratively our children because it is their future that we are putting on the line when we do not understand our individual roles of being productive citizens of Trinidad and Tobago. We are beating our credibility. We are contributing unconsciously to our unsustainability, and no matter how much money we pour into the system we will not be able to sustain if we continue like that. Because, really, what is at stake here is our children's future. So, productivity to me must be at the forefront.

When we are thinking of—and I hope this can be part of the discussion going forward, because I am sure this will not be the last petition of any administration to review the limits to borrowing, though justifiable it may be, depending on which side of the fence you sit, it must be at some point tied to productivity levels in Trinidad and Tobago. It must be, at some point, tied to measurable and

deliverables, and not just, well, administration has the majority in Parliament so they can raise it, or it has been raised, and we do not see the sustainable benefits down the road, because we will keep raising and raising and in the end where will we get? What is the limit on the limit in parentheses? It must be tied to many other issues that we can measure and track our progress to some sought of sustainable goal.

In many definitions to productivity, one, productivity, the improvement to do the right things in a better way to make it a part of continuous process. Therefore, it is important to adopt efficient productivity improvement techniques so as to ensure individuals and organizations growth in productivity and in sustainability. Productivity is the ratio between output and input. It is a quantitative relationship between what we produce to what we have spent to produce. Productivity is nothing but reduction of waste, resources, men, women, materials, machines, space, time, capital; it can be expressed in human efforts to produce more, but there must be measurable goals, objectives down the road for us as a country.

According to the International Labour Organization, productivity is the ratio between the volume of output as measured by production indicators and the corresponding volume of labour input as measured by production indices and the corresponding volume of labour input as measured by employment indices. This definition applies to an enterprise and industry, or as an economy as a whole. It was heartening to hear, the last time we met and delivered in this august House, the Minister of Labour and Small Enterprise Development speak about the revitalization and reconstitution of the National Productivity Council with a view to looking at why we have these issues in Trinidad and Tobago, why they have not been addressed comprehensively. Because, we really cannot move forward as a country without that sort of national discourse and it must not only stay, in my humble opinion, with technocrats in a productivity council. It must be an engagement in a rational manner of the entire population, so that everyone feels a part of this, especially when we are debating issues like this, like spending, like raising borrowing limits in Trinidad and Tobago moving forward.

We need a national discussion in a meaningful sustained way. We need to figure out what productivity means to all of us as individuals, as citizens of this country, as patriots, as I hope we all consider ourselves. We need to get to the point once again where we think of productivity as an act of patriotism. We go to work on time because it is in the best interest of our country. We line up because it is in the best interest of our country. It makes our country more competitive on a global scale. No government, no administration can succeed or will succeed

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without national citizen input. Very often there is a huge divide between empowering people with knowledge and engagement and policy in Trinidad and Tobago, and that needs to be rectified especially when it comes to the issue of productivity.

There are several other approaches that we can take inclusive of productivity as an objective concept, productivity as a scientific concept, as a measured concept or as an efficiency concept. They are all pretty academic. But, I think the most important one that we can take away or we can consider in terms of accountability, in terms of progress and sustainability, is the philosophical approach or the nationalist approach to productivity.

Madam President, the issue of also competitiveness is also closely tied to productivity as we all know, and Trinidad and Tobago has not fared well for many years in the competitiveness indices when the world rankings are put out. Partly because of unreliable, untimely statistical data. But also partly, in reason, because we really do not have a national ethos very often, and sometimes it is personnel and sometimes it is very systematic. Our public service needs to be remodelled to enable to sustain a different kind of productivity, different levels of productivity. When we think of how quickly the global environment is changing, when we think of how often we have spoken about a diversified economy, and if we have prepared ourselves to take advantage of that diversified economy.

When we think of how many billions of dollars that we have spent and we continue to spend and invest in education and training in Trinidad and Tobago, is it making us more competitive? Is this investment making us more productive as we pour more money, invest more money, seek foreign direct investment, engage lending agencies, use our recurrent expenditures in various projects, is it positioning us to ensure that we are securing a future for our children in Trinidad and Tobago? I think these are very important questions that we must ask ourselves.

We also need to look at the issue of underemployment in Trinidad and Tobago. I know several references were made to the dichotomy between unemployment and underemployment in the last delivery in this honourable House. But, when you think of underemployment it is an important concept to consider. If we do not consider the levels of underemployment with the level of investment we are making in education in Trinidad and Tobago, we are not being productive in that sphere either.

The definition of underemployment or the notion of underemployment is really to be defined. It understates the extent to which labour is underutilized, and it is an important consideration when we are looking at what have been described

as statistical full employment in Trinidad and Tobago. But, is it really in the best interest of efficiency? Is it serving our country efficiently? The ILO distinguishes underemployment associated with insufficient hours of work, time related underemployment from other forms of inadequacy of employment situations. Inadequate employment situations comprise situations in the workplace which can reduce the capabilities and well-being of workers compared to an alternative employment situation. This is from ILO 1998.

5.15 p.m.

It also looks at three different types of groups: Underemployment, unemployment and also hidden underemployment, because of various factors in any economy in the world, and particularly important for us in Trinidad and Tobago.

I also want to focus a bit, Madam President, on the issue of security. My colleague, Sen. Creese, spoke earlier on and he indicated that if we are to position ourselves with the level of investment in this country in terms of foreign direct investment and also from the lending agencies, we are to do so in the areas of ICT. I think I want to add to that. If we are to be a truly sustainable economy we need to focus intently on ICT, food, water and in the age of ISIS, security on a national and regional level. We cannot survive if we do not do that.

When we look at our food import bill in Trinidad and Tobago, if we start to become more efficient, more productive, we will have more capital to invest in several projects. And though I know the classical thinking is that you do not invest your current expenditure in developmental projects, we will be able to balance our budgets. We will be able to focus on what will push us in the right directions to be a more competitive environment or economy and also it sends a message to the population about austerity not being a dirty word as it were, but being the status quo because we become less wasteful, less prone to consumerism and also a more progressive society focused on the things that can move us ahead.

The Minister of Agriculture, Land and Fisheries, in a recent delivery spoke quite a bit about a buy-local campaign and focusing on local produce. When we are thinking about raising borrowing limits we also need to at the same time focus on how much money we are spending on the foreign imports for food.

Many of us may be of the age where we remember how successful “buy local” campaigns were in the 70s or the early 80s, because we had to. Many of us may remember how creative we got as a country in terms of utilizing local produce. I just recently read a book, an entire cookbook, on breadfruit. An entire cookbook

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on what you can do with breadfruit, from breadfruit bread, breadfruit chow, breadfruit souse, you name it and this book, this publication was done by a student coming out of the University of the West Indies if I am not mistaken. These are the kinds of things that we need to focus on and monetize as opposed to importing chips from the US. These are the kinds of things that we can ensure that we live healthier lifestyles in Trinidad and Tobago while supporting local business, while supporting several of the employment situations in Trinidad and Tobago that can augur well for our future in this country.

One of the issues I also want to focus on in my pretty short contribution today is the issue of the criminal justice system in Trinidad and Tobago. Because if we do not have a sense of security, if we continue in some instances playing with the numbers as to whether crime is statistically down or not—when citizens continue to feel unsafe, when women do not feel safe to leave the office or their homes under the cover of darkness—then no amount of numbers and statistics are going to give us a sense of security that we need in Trinidad and Tobago. We need to really focus on reforming the criminal justice system comprehensively. We need to change from the issue of having a prison system to a correction system, philosophically. Because a prison system, philosophically, houses people who have run afoul of the law, who end back on the streets, in many cases commit these crimes again.

A correction system is a more sustainable approach to dealing with the criminal justice system. We have spoken ad nauseam about ways we can improve our court system in Trinidad and Tobago to facilitate the backlog. We have spoken ad nauseam about the levels of inmates in remand in Trinidad and Tobago and we do not seem to be moving forward with many of these issues. We can pour as much money into a Ministry of Justice or any other national security apparatus without the right creative thinking, without the application of new methods of thinking, creative methods of thinking, we will just continue spending more money and spending more money and borrowing more money and not be making the kind of progress or measurable outcomes that we want to see in Trinidad and Tobago.

While I am on the issue of the criminal justice system, I want to make a plea, beseech, beg, even though it is a sensitive issue, even though an investigation is ongoing because in these times we have some sort of an audience, on behalf of the family of slain Senior Counsel Dana Seetahal, for some sort of update for the public where that is concerned. We are closing on the two-year, I do not want to say anniversary, but observance of her heinous murder, and in other jurisdictions

you get a sense that some progress is being made without compromising the investigation, because that sometimes is the excuse given by the investigating bodies where we cannot say much because the investigation would be compromised.

I think this case, in particular, in terms of our criminal justice system is a critical litmus test for the restoration of confidence in the criminal justice system because of what the late Miss Seetahal meant to the criminal justice system and generally to the people of Trinidad and Tobago. And if we are to continue attracting foreign direct investment and having confidence of lending agencies and country to country arrangements, we need to make sure that these kinds of cases which have garnered international attention, which in many cases put a blot on our reputation as a country with our ability to manage security issues, have to come with a certain level of accountability to the people of Trinidad and Tobago.

I do not think it is enough to say, well the investigation is continuing and we are making progress. And I know that the new administration is only three months old, but this case I think in a couple of months is going to reach the two-year mark. And as the late Miss Seetahal herself had always said, “Justice delayed is justice denied”. And though it may be a complex case, and some have already been before the criminal justice system, the population is every day, every week losing confidence in another important institution in Trinidad and Tobago.

Finally, because I am the eternal optimist, I want to end—the last time I had the opportunity to present in this honourable Senate to make reference to a situation where the example was set in the other place that was copied by children, you know, in a negative pattern of behaviour. And I want to end by speaking about my restored faith sometimes in the system, where, last Friday, I was driving in Port of Spain and was extremely heartened—and this is where I get a sense of hope and optimism for this country despite the challenges we face, where there was an elderly lady, she looked to be in her 70s or 80s standing at the side of the road on the pavement. And there were two young men in QRC uniforms coming down about their business, chatting—and I think it is important to highlight these kind of cases because we only talk about the negative sometimes when we are trying to move a country forward psychologically. They stopped, one held her hand, the other stopped the traffic and took the time out of their busy, young 14/13-year-old schedules to help her across the street and make sure she was safely on the other side of the road.

So while sometimes we may condemn the young people in Trinidad and Tobago, there are glimmers of hope and we must commend their parents, their caregivers, their school, Queen’s Royal College, because that is the monogram I

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saw on their shirts, for taking the time to do that. I do not know their names, but certainly I think it is commendable and these kind of acts must be highlighted on a national level. With that piece of good news I want to thank you very much for the opportunity. [*Desk thumping*]

**VISITORS
CARIBBEAN REGIONAL WORKSHOP DELEGATES**

Madam President: Before I call on the next speaker, may I acknowledge and welcome the delegates who are here for the Caribbean Regional Workshop on Sustainability, Energy and Development. They are here in the Chamber with us and I would like to welcome them. [*Desk thumping*] I now call on Sen. Shrikissoon.

**DEVELOPMENT LOANS ACT
(INCREASE IN BORROWING)**

Sen. Taurel Shrikissoon: Thank you, Madam President. I would like to say thank you for the opportunity to enter into this most important debate at this point in time as it concerns the level of debt being incurred in Trinidad and Tobago.

Madam President, as a citizen of this beloved twin island Republic I am concerned today about the Motions being brought before us concerning the lifting and the raising of debt ceilings for this country. Of concern to me is that we are just over one month from spending time in this honourable Senate debating the fiscal package of 2015/2016. We have listened intently with the plans and projects put forward by the Government and the way in which they are to manage and bring these projects into fruition. At that time we were given an overview of the economy which I lauded and praised the hon. Minister for doing and was so informed that the current state of the economy was as a result of some of the actions taken by the past regime.

We were told of his conscious decision to reduce expenditure below that of the previous financial year with one of the reasons for this year's debt surpassing—this year's expenditure surpassing that of last year's, would have been the public sector wage negotiations that they would have left, and the hon. Minister referred to it as a gift that he inherited.

We were also promised a possibility of a balanced budget by 2018. But here we are, a mere 60 days later post this budget debate that we are bringing before this honourable Senate Motions to increase the debt levels of this country. And I am saying that while debt may be incurred, if not properly managed it can affect the country or it has the potential to affect our country in a very negative way, if not properly managed.

Madam President, to summarize what is being requested today, and I do not think I need to go into level of detail, but there were three Motions, two now being discussed to raise the debt ceilings by \$50 billion, the two Motions being tabled before us now would lead it to \$35 billion, \$15 billion to be discussed later.

Madam President, I am a relatively new Member to this Senate but what I am saying is what is being presented here today is quite similar to what has been done in the past. In 2011 the hon. Minister of Finance and the Economy at that point in time brought similar Motions to this honourable Senate where the debt ceiling in each category would have been increased. So too today we are seeing a similar Motion with a similar level of increases. So similar is the strategy, Madam President, and I quote from, if you allow me, from the *Hansard* report on Friday September 09, 2011 when the then Leader of the Opposition in the Senate, and I quote, said:

“Sen. P. Beckles: I indicated to the Leader of Government Business that we are suggesting Motions 1 and 2 be debated together and Motion 3 by itself.”

My point here is so similar is the strategy of the past that even the same strategy of debate is being executed some five years later. And it is Friday, September 09, 2011 in *Hansard* for this honourable Senate.

And I am saying today, Madam President, that while the nominal values of the proposed increases are different, the strategy is the same. When we listened to the hon. Minister of Finance and his colleagues about the rationale for increasing this debt ceiling we are told it is primarily due to the liabilities incurred of the former regime and loans taken, taking the credit limits to the maximum with no room for additional government funding to be sourced.

5.30 p.m.

They are left with no alternative but to increase the borrowing, and to this I am saying, even if it is a strategy, if it is properly managed it may work. But I have concerns that this strategy has been employed before.

I have presented to you the rationale for the Government saying that they would like to increase the debt ceiling. I am now saying, let us look at the rationale that was presented in 2011, and I quote from the *Hansard* the former Minister of Finance, September 07, 2011 in tabling his Motion in the other place. In his presentation on raising the debt ceiling—and there in that place there was only one Motion being discussed at that time although the three Motions were presented and this one was on the Guarantee of Loans (Companies) Act. And it says—and the limit at that time being \$9 billion, and he was presenting:

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“What is the state of affairs with respect to the loans that are guaranteed under this Act?”

And in his presentation he says:

“As of mid-August 2011”—because they would have assumed office in 2010—“government guarantees issued under the Guarantee of Loans (Companies) Act amounted to approximately \$8.5 billion, leaving an available balance of approximately \$500 million. We are, therefore, at the edge of that limit.”

Madam President, similarity; same rationale being explained or given to this House. He also goes on to say:

“The other commitments that we honoured during the course of this administration”—and he was speaking about them at that time—“were all hangovers of commitments made prior to our time. They include...”

—and I am quoting:

“...TT \$68 million to meet payables, in respect of the SporTT Company of Trinidad and Tobago; US \$11.5 million for the acquisition of one helicopter in our national security drive; TT \$148 million to finance the development works of the Tamana e TeCK Park in Wallerfield which...the Minister of Trade and Industry is trying to put light to; \$158.8 million in support of the National Highway Network Project; US \$88 million in respect of the completion of the Ministry of Education towers and \$230.1 million to finance outstanding payables on several UDeCott projects.”

Madam President, my point is the rationale for increasing the debt limits today as in 2011 is exactly the same. What is different is who sits where in this House. That is the difference. The Government of the day places responsibility for their actions as a consequence of the past regime and represent to the people of Trinidad and Tobago it is an absolute essential for the way forward.

So what we have is a governing body, governs this country, gets into office, increases the debt ceiling. They increase the debt ceiling, we increase the debt. Another governing body moves into government and then they present a same situation, adopt the same strategy and at the end we are worse off. Madam President, I am saying today, we have created a vicious cycle of indebtedness for this country with the justification for the increased debt being exactly the same. And if the justification is exactly the same, it is saying to us that our behaviour is consistent, and that is an issue that I would have.

I sat in this honourable House—and I am saying Sen. Dr. Henry referred to it as “kicking the can”. And when will it end? But as time goes by, the can is becoming heavier or more filled. I sat in this honourable House and listened intently to the debate on the budget and I remember my colleague, Sen. De Freitas, outlining the many firsts of the government, and the many firsts that they have been able to achieve with respect to the youth of the nation and populating offices with youth, and I totally agree and commend and appreciate the strategy. But my point is here, should it be a situation where we populate office with youth as a commitment to the future, or should it be an economy of Trinidad and Tobago that is sustainable, that is economically developed, and they can benefit—the youth can benefit?

I quote from the *Holy Bible*, Proverbs 13, verse 22, and it says:

“A good man leaves an inheritance to his children’s children:...”

And so today I am asking, what is the legacy that we, as a governing body of Trinidad and Tobago, is leaving for the future generation? I am very concerned about it. Who is brave enough to end this vicious cycle of increased indebtedness and tossing the burden lower down? Who is brave enough? [*Desk thumping*] Who is concerned about Trinidad and Tobago five years, and 10 years and not just about the duration, for the time that office is occupied? Who is really concerned? And in local parlance, who is man enough to accept this and confront it and not just continue to kick the can as it gets heavier?

My second point that I would like to make today is the impact of the increased borrowing. Madam President, the debt to GDP ratio has been tossed around this honourable House to demonstrate our nation’s capacity to borrow, so much so that the Leader of Government Business in the House even suggested they will make every effort to limit the exposure created by the debt to a mere—not a mere, but 60 to 65 per cent. [*Interruption*] Sorry?

Hon. Member: Up to.

Sen. T. Shrikissoon: Up to, right. Madam President, our net public sector debt as a percentage of GDP—and I want to cover it from the period 2009 to 2015, to which Sen. Munro also alluded to. In 2009, 37.5 per cent; in 2010, 32.1 per cent. So we are seeing it coming down. 2011, 29.7 per cent, but by 2012 it shot to 38.8 per cent; 2013, same level, 38.3 per cent, thereabout; 2014, 40.2 per cent and 2015, 46.3 per cent.

What is the point? The point here is this. At the exact time that the last administration came to this honourable House and asked for an increase in the debt ceiling, it is in that exact year that the debt burden of this country increased by a whopping 10 per cent. In one financial year we are seeing a change in the

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debt ratio after three years of coming down, shot upwards of 10 per cent, and I am very much concerned that given the strategy of the past, it is the same strategy of today, that the same effect is possible given that time has demonstrated that it can occur again. Or it has occurred, I should say.

Madam President, we are looking and trying to evaluate the benefit of borrowing—or this increased borrowing for this country, and I am going to use a Motion here or use a reference and I am going to compare the increase in debt to the increase in GDP because if we are trying to facilitate activity in the economy and we are borrowing, an increase in debt should lead to an increase in the creation of goods and services locally.

In 2010, debt went down by \$1.1 billion and GDP increased by roughly \$20 billion. In 2011, debt went up by \$2.9 billion but GDP increased by \$21 billion. In 2012, the year that the debt ceilings in this country rose, we are seeing an increase in debt of \$15 billion but not a corresponding increase in GDP, a mere \$2 billion. In 2013, debt increasing by \$1.1 billion and GDP, \$5 billion. Just for the record, there was an extraordinary item in this year which I will address: 2014, \$4.9 billion increase in debt, GDP, \$4.3 and in 2015, \$6.25 billion in debt and GDP decreasing by \$9 billion, a total opposite.

What is the point? If we are going to borrow it should lead to an increase in GDP, and we are seeing here that over the past five years, as the debt level of this country increased, the corresponding increase in GDP did not happen. That is to say, the additional funding that was coming into the country was not materializing into what we would like it to be. Madam President, the reasons presented here in 2011 and 2015 are the exact same. If we are to take this, or utilize this additional increase in debt, is it possible that we can be seeing, or reaping the results of the same again? Is it possible? And if it has the possibility, then the Government owes us an explanation as to how they are to protect it and not by a mere saying that it could get up to 65 per cent. If we are going to be accountable, then let us show it at the upfront. Do not wait for six years to say, well it happened again.

Madam President, being placed before us today is a desire to increase the debt burden of our country by \$50 billion. At the end of fiscal 2015 our debt was \$76.5 billion, and if we add the 35 or even the 50 being proposed, it could take our debt level up to \$126 billion. But there is another situation, and the other situation is that the Government has alternative sources for which they can borrow for which they do not need our approval, or our consent or even our approval for a rise in debt ceilings.

I am saying here, it is my desire, my wish, that when a Motion like this is being presented, to secure the future of our country and to show the prudence in the use of expenditure and management of our economy, the amount of the increase should be made known to us. How much is the Government going to actually drawdown upon? Although the limit is stretched to \$50 billion, how much are you going to use? We are hearing they may not use all. I want to know how much, the purpose for which it would be used and the projects.

Sen. Khan outlined the projects, and I thank him for that, but the value of the projects were never given, the timing of the projects were never given. And I am saying, consider as well, factoring the obligations that as a country we also have. Tell us how you are going to deal with it. So I would like to see, in addition to that strategy or complementing that strategy, a repayment strategy as well. Show me where we are going to get the funding from and tell me how we are going to address the debt so that in five years from now, this is what our debt level would be.

Do not just incur the debt, raise the ceilings, take the debt level up, take the debt to GDP ratio up, and saying we are going to hold it at up to 65 per cent. No one is in control of the GDP of this country, so there is no guarantee that we can determine, with an exact nature, the denominator, and if we cannot determine the denominator, we cannot determine the ratio.

In the absence of the strategy, I am concerned, as well, that the Government has available to it the IBRD Act 2, 1967, Chap. 7:06 for which they require no limit should they choose to go to that agency. The same is true with the IADB. Should they go there, there is no requirement of this House to approve a limit there. The Treasury Bonds Act and the Guarantee of Loans (Statutory Authorities) Act, all no limits. So while today we are hearing of an increase in debt of three areas, there are alternative sources which the Government can use, which they are saying that they intend to use, example like the IADB funding for the rapid rail, which has the potential to take the debt level even higher.

Madam President, when the Government has the autonomy to access debt in areas which this House does not have jurisdiction, it is a great possibility, when the two sources are added, that we have a situation of runaway debt. One may wish to say that this strategy of alternative sources would not be used, but in the interest of time I would say in the very year 2012 when the debt ceilings were raised, the *Economic Bulletin* issued by the Central Bank also indicated that the Government at that time contracted new loans from the IADB. So while the debt ceilings here were raised, debt was also raised in other areas and I am very much concerned about that.

5.45 p.m.

So while today we are discussing an increase in debt ceilings, I am saying without a proper and comprehensive debt management strategy, our debt can also run away from us again. Show us, bring it to the Senate, table it. Just as you are excited to deliver the manifesto via courier service, deliver the strategy as well, and that is all I am asking to say. [*Desk thumping*]

This is an alarming condition and I am saying when it runs away, we are just here afterwards to say it was the past regime. Who is really accountable if the governing body changes? It is the people of Trinidad and Tobago that suffer, not an administration. It is the people. It is something that we have to use and live with.

Madam President, external borrowing. I know this Motion was tabled to be debated as a second Motion, but I would like to make one brief comment on it because section 3(1) of Motion 1 of the Development Loans Act allows for the Government to source funds both internally and externally. So I just want to make a point and the point here is this. At a time when revenues are falling, reserves are declining, commodity prices are falling, pressure on the foreign exchange and a depreciating currency, why opt for an increase in debt externally? Why do it? Because it is a commitment to our reserves and to our foreign exchange that we will have to use to service that debt.

It brings me to another point, Guarantee of Loans (Companies) Act, one of the Motions being discussed here. Under this Act, in Trinidad and Tobago, contingent liability is any debt incurred by a state enterprise and the statutory bodies that is guaranteed by the State. Contingent liability consists of letters of comfort and government guarantees. Currently, there are about 120 state agencies and eight or nine special purpose companies for which this Motion governs debt to be provided to.

Madam President, I want to say, let us just look at some of the state agencies and I am going to use Petrotrin. This is no way casting any aspersions to Petrotrin, but a mere use as an example. Revenue in Petrotrin: 2012, \$37 billion; revenue in 2013, \$31 billion; revenue in 2014, \$29 billion. When we look at the gross profit margin: 2012, 10 per cent; 2013, 6 per cent; 2014, 6 per cent. That is gross. So if we now deduct operating expenditure to bring operating profit: 2012, 3 per cent; 2013, .06 of 8 per cent; and 2014, loss.

Madam President, if we just extend the analysis to return on assets, an organization with \$45 billion in assets: in 2013, 0.04 per cent return; and 2014 because it is loss, loss-making. These are the state agencies that we are seeking to

increase borrowing capacity for and that is my concern. And if I am to cite the new chairman, Petrotrin chairman, on Thursday, October 15, he said some factors contributing to this loss-making position include high and increasing debt, low productivity levels, escalating manpower, total company debt now standing at \$13.28 billion and a US \$850 million bond payable in 2019. These are the companies that we are seeking leeway for to provide additional financing to

And if the story is the same with Caribbean Airlines—I listened intently to the hon. Minister telling us how well it was structured before and what happened to it now. I am not here to discuss what happened in the past. I am here to discuss what is before me, and I am saying here in a *Guardian* newspaper article February 2014, Caribbean Airlines unaudited accounts for 2014 showing a loss of US \$60 million, approximately TT \$380 million.

Madam President, my point is, if it is that we are increasing the debt ceiling to put money into these loss-making entities, then are we as a nation moving forward? I understand the importance of these companies, but at least optimize the performance of these companies, make them efficient, get their house in order, get it right and then say we can now fund these strategies; as opposed to channelling a nation's resources into entities whose inefficiencies consume the potential benefit of injections, while increasing the debt profile of Trinidad and Tobago.

Madam President, if this continues, the benefit to be derived of the increased funding will definitely be lost away in the inefficiencies of the companies that are beneficiaries to this new bit of funding. The statutory bodies—and I just want to mention this—not tabled here, has no limit on its debt ceiling for the Government to bring to this Senate to be debated—statutory bodies—because they are governed by an Act, Chap. 71:82. In that Act the statutory agencies are like WASA and T&TEC, and if I am to quote or just to cite, Friday, February 27, 2015, where a person writing this article—I cannot recall his name, but I can provide it. It says:

“I listened in amazement as the Deputy Chairman of WASA attempted to dance his way around the Board's negligence in...submission of”—financial statements. “After a series of questions...the chairman of the...Joint Select Committee MP Colm Imbert, there was no solid position on the status of financials. It almost seems like WASA is having its own exclusive ‘water party’ with less than four months from proroguing of Parliament.”

Now, hon. Prime Minister, “Dr”—Keith—“Rowley asked the question...: ‘How does the agency intend to make an unacceptable situation acceptable?’

The response at that time from Minister Ganga Singh was that 2010's audited statements are ready and would be made available while 2011, 2012, 2013...2014 will be presented in February 2015."

Statutory body to the benefit of moneys from Trinidad and Tobago, for which we are going to indebt this nation, loss-making and cannot provide audited financial statements in a timely manner so as to evaluate the effectiveness of this state institution.

Madam President, I am concerned. I make the point while the Government is seeking to raise the debt ceiling according to the Motions debated here. There are alternative sources that the Government can also tap into, which can cause the debt burden of this country to run away.

In closing: I close to summarize my position here today and I am saying without ascribing our current situation to the past regime, that is the past. We cannot change what has happened in the past. I am saying, I can support this Motion if someone gets up and says to me who will end the vicious cycle of getting into office, increasing debt ceilings, increasing the debt profile, demit office and a new administration comes back here to do the same thing. Which administration is strong enough to say I am not going to do that?

My second point in closing: are we really better off with increased debt as increasing debt has not materialized in a grey or more than proportionate increase in GDP as evidenced over the past five years? Point three: while the increased debt being sought for state companies and special purpose companies result in an increase in performance efficiency, will the increased debt being sought for these state companies and state agencies result in an increase in efficiency and profitability for the State? Point four: can the Government provide the rationale for increasing or the desire to increase external borrowing at a time when we are experiencing a depreciating TT dollar, falling US-denominated revenues and declining foreign exchange reserves? Point five: will the access and the use of the funds create a debt profile resulting in an upward movement of our credit rating among international agencies? Point six: can the Government provide a debt strategy detailing the funds to be borrowed or required, whether according to legislation being debated here or alternative sources, with a defined strategy to reduce the debt profile of our country during their term in office to which they can be held responsible and accountable?

Madam President, should the answers to these questions be adequately addressed in a manner favourable to the economy and to the benefit of the people of Trinidad and Tobago during this debate, I may support this Motion.

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

Madam President: I now recognize Sen. Sturge.

Sen. Wayne Sturge: Madam President, thank you for the opportunity to join this debate and permit me to applaud Sen. Shrikissoon on what was one of the best contributions I have heard on the Independent Bench. [*Desk thumping*]

Permit me just 15 minutes of your life as I join this debate, or maybe less depending on what my illness will permit. I want to adopt what Sen. Shrikissoon said in his contribution. I more or less had similar concerns, but he has addressed my concerns on what I intended to say in much more eloquent language, with a lot more clarity than I could ever say it. You would know that I am a lawyer and I know very little about economics.

Now, two months ago, Madam President, the Minister of Finance regaled us during his budget presentation with a very colourful presentation about the economic state of our country. I do not recall his exact words, but I recall him saying that the previous administration had maxed out the overdraft facility, and that the country was in essence running on fumes. Now, by that logic as I understand it—I know nothing about economics, but from how I run my own finances, if you are running on fumes, why would you extend your overdraft facility? That to me makes absolutely no sense. No sense whatsoever, and I say this in the context of the budget he presented which, after complaining—and I heard it again today—about the deficit budget presented by the previous administration and the total deficits being about \$27 billion.

After regaling us with all of that, he went on to present, from my recollection, what was the biggest budget and possibly biggest deficit budget ever in this House. Now, if we were running on fumes at that time—maybe common sense is not the same as economic sense or monetary policy or fiscal policy—but if we were where he said we were at the time, was that not the ideal opportunity to present a much tighter budget? Was that not the ideal opportunity to man up?

6.00 p.m.

But what he did, and what they all did, was in essence, they came in and through the foam, they played the blame game and they told us how we got here and they blamed the previous administration. What they neglected to mention is how much debt they had saddled the previous administration with: \$72 billion in debt when we came in 2010; chief among the basket of debts was Clico, \$25 billion. What we did was we had to manage it. We had to manage the situation and since you are in charge now, as you want to say every time you get the chance, then you are in charge now, handle it as the youths would say, and stop playing the blame game, and then tell us what you are going to do.

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Sen. Shrikissoon made reference to avenues for accessing money—loans and so on—from other sources and it threw me back to what Sen. Khan had said in his contribution when he told us about what the previous—the Government did with respect to the Point Fortin Highway and he said in essence that—well, he gave his reason why he thought the previous administration did not approach the IADB, and then he proceeded to list the projects that he intended to use this extended borrowing for. And I was thinking to myself: is this about electioneering?

Because when I first heard about this Motion when it was in the other place, to increase the ceiling, I thought to myself, well, is it really that bad? Are we in such dire straits? And if we are, then we should be patriotic and then there should be no real reason to object to increasing the borrowing limit. But when I heard Sen. Khan outline the projects, I was startled, because you are increasing the borrowing limit when you do not need to, when clearly you are seeking to deal with infrastructure. And as Sen. Shrikissoon has said, you are seeking to deal with infrastructure and there are sources available from which you can borrow. So there is no urgency in my mind to increase the borrowing limit, not at this stage.

I followed the debate in the other place and I read the newspaper, at least what was put up on—what others exhibited on facebook, because I actually do not buy newspapers, and I was startled about two things. The first is—and unless Music Radio 97 made a mistake, that is where I first heard it—the Minister of Housing and Urban Development said she needed the money to, in essence, complete the existing stock of housing units that remain unfinished. I cannot remember the figures she quoted, I think she said, “I need \$10 billion for this and I need \$10 billion for that” and so on and so on.

Then I read an article on Facebook, an article exhibited, where the Prime Minister is, in essence, saying the same thing. If we are in such dire straits, I wonder if that is the sort of expenditure we need to engage in at this time. Because if you are in dire straits as you want us to believe, then really, is this not the time to ban one’s proverbial belly as they say? *[Interruption]* And the thing is, what is alarming about that—be quiet, please—it is in stark contradiction to what was advanced by the Leader of Government Business in the Senate as to what the expenditure is for. Because when I first heard that it was for housing, I immediately took off my legal hat and putting on my neophyte political hat, I thought to myself, oh oh, this is what this is about. This is not about country, this is about politics.

I immediately thought—because like it or not, that is the general perception as to the purpose of HDC. It is not really about building houses, it is about building houses in marginal constituencies, so that they are no longer considered marginal. It is

building houses in other constituencies in an effort to make them marginal and that is raw politicking. And now the tune has changed, and now we are hearing all sorts of projects listed by the Leader of Government Business in the Senate. I cannot remember them all.

But the first one—I took the time to write down—related to the completion of the Point Fortin Highway. I guess they would like, in the end, to have bragging rights to say, “Well, we promised this Point Fortin Highway in 1961 and look, we delivered it”. I guess that is what that is about. It is a laudable objective to complete the highway but as Sen. Shrikissoon has said, there are other avenues. The same avenue suggested earlier as to why the past administration did not seek IADB funding. Why not seek IADB funding? Why are you listing that among the projects that would be subject to the increase in the borrowing limit?

Now, I heard about—I cannot remember if it is a sea bridge to Tobago, a tunnel to Tobago or an airport in Toco—

Sen. Khan: The bridge is “allyuh” idea.

Sen. Mark: Ferry service.

Sen. W. Sturge: Right, it does not matter. Oh, a ferry service, lovely. It is a good idea and as Sen. Khan said, it was our idea, thank you for saying so. But, is it necessary at this point in time when you say we are in dire straits? The short point is: do we need that at this time? And he gave an account and he was saying, in essence, that the period from leaving Trinidad and getting into Tobago and vice versa would be 30 or 40 minutes. Do not quote me on it; that is the best of my recollection. *[Interruption]* Yes, on the hour.

And he seems to say that it is a very good idea but at this point in time, does that make sense? Is it necessary? Let me tell you why it is not necessary. It makes perfect sense if the bulk of the citizens traveling to Tobago live in the north-eastern division, it would make perfect sense. But the reality is persons from every corner of this country travel to Tobago and the bulk of our tourism, of Tobago’s tourism, like it or not, comes from Trinidad. I will get to the point about the Tobago airport in a little bit. But if the bulk of the Tobago tourism comes from Trinidad, then what is wrong with leaving it where it is, in Port of Spain? Is it really a priority to reduce the travelling time to Tobago to 40 minutes at this time? Does that make common sense? Clearly, it does not. It makes absolutely no sense and to say otherwise, it means you have to be living in the clouds.

Because, think about this—and I hope I do not attract any attention but I drive a Coupe. I will tell you it is a rocket. So from San Fernando to the interchange, it takes about 20 minutes thereabout, faster than the Benz. Think about persons who

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are keeping in the speed limit, travelling from the south lands, does it make more sense for them to go to Port of Spain or after reaching the interchange, you then have to see a whole heap of traffic lights in the other direction, where there is no traffic light the other way and not only do you have a whole heap of traffic lights heading east? When there are accidents, road works and so on and even when there are no road works, no accidents—I will go by my own experience. The last time I journeyed to Toco was probably two or three years ago, it took me about two or three hours, that is far. So you are narrowing down the travelling time in one sense but you are increasing it in another sense. It makes absolutely no sense. So regardless of what part of the country you come from, except if you live in Valencia or thereabouts, it makes no sense. It is not something we need if we are in dire straits.

I heard about a highway from San Fernando to—I do not wish to misquote—to me, I heard Manzanilla, it may have been Mayaro. So if you are taking that route at present, it takes two hours from San Fernando to Mayaro from my experience in going to court in the morning. When I summarize, I might be going against the traffic. Is that a necessity at this point in time or is that electioneering to, perhaps, get some more votes along the way and pick up some constituencies that you would not normally win?

Then, there is moving the port eastward in closing down the Beetham landfill. I agree with closing down the Beetham landfill. I agree to that so I would not say too much about that. Moving the port eastward, is that something we can afford in this fiscal year? Is it necessary for us to increase the borrowing to engage in that sort of spending in this fiscal year when the first thing we should have done was to slash the deficit and present a much leaner budget?

But here is the killer. The airport in Tobago which was being refurbished some time ago and which Sen. Khan listed as one his projects when he sought to tell us what projects would be subject to this increased expenditure. He wants to expand, I believe, the airport in Tobago or refurbish it or whatever it is. Now, maybe you may have different figures but the impression I am getting is that visitor arrivals outside of Trinidad, visitor arrivals from Europe to Tobago, the impression I get is that it has fallen drastically. I do not get the impression that visitor arrivals from Europe to Tobago is up. I do not get that impression.

Sen. Khan: Because of the airport.

Sen. W. Sturge: Oh, because of the airport, he says. So when a tourist wants to go to Tobago, he says, “Because of that airport which I would spend 15, 20 minutes in, I am not going to Tobago”. That makes perfect sense. “Because of

that, I am not going to Tobago, I cannot stand 20 minutes in that building?” That makes no sense. Or is that electioneering to ensure that you keep seats in Tobago? I do not know. But is that something we need at this time and the short answer is no.

You see, we have gotten to where we are for two reasons—well, one main reason and the Prime Minister has said it.

6.15 p.m.

We in essence, we are heavily dependent on fossil fuels as they call it in the US; oil and gas. When the budget was presented, presented the budget on the basis that oil would be, I think \$40 or \$45 a barrel. It is now \$38 and gas, \$2.75. It is now much lower. So we are in problems right there, but we were warned about this and the day is upon us. We were warned about more than 30 years ago, that we would one day reach where we are, because we have no control over the price of oil, and now the prices are down. We are subject to the mercy of OPEC and others.

So we were warned more than 30 years ago that we need to diversify, and because we have not diversified, then we are still subject to fossil fuel, and as the Prime Minister said, I think it was Friday, that is the real problem. The real problem is not what the last administration did. The real problem is we are still heavily dependent on fossil fuel, and the prices of fossil fuel are low and will be low for quite some time.

So let me get back to Tobago and this airport, because I do not believe in pouring money into a problem. In fact, I heard someone in Woodford Square say recently, that the Minister of Finance seemed to have a problem for every solution. It sounded laughable, but I want say this, why would you pour money into something, the Tobago airport for instance, when arrivals are down, and there is no sign of it increasing? We do not have arrivals from the US or not much, and those arriving from the US for the most part, would be Trinidadians living abroad coming back. So you pour money into an airport in Tobago for tourists to come and end up like the Greens. You all remember the Greens? You come into Tobago—and quite recently you heard it from two other tourists, that when they were chopping them up and violating them, they were talking about them in xenophobic terms.

So if you want to make Tobago attractive, the first thing you have to deal with is crimes, and more particularly xenophobic crimes, because the truth is, there are still remains travel advisories telling Europeans: “If you are going to Tobago, expect the worse”. I am not saying it in their flowery language, but in essence, it

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is violent, and crimes against foreigners are on the increase in Tobago. So what we need to do in order to fix Tobago, we need to fix the criminal justice system in particular in Tobago.

You are not going to inspire any confidence in any tourist, if your detection rate is low, and that is a problem in Tobago, low detection rate just like Trinidad. Well, we are dealing with the tourist, those who actually bring money. If your detection rate is low, you are not going to inspire confidence in European tourists. If upon detection, if you are lucky to detect the offenders, the time from arrest to the time of conviction is years. You are not going to inspire confidence. So we need to get real and deal with the maladies of Tobago.

I saw quite a few cases of foreigners, Germans and English persons when I was Chairman of the Criminal Injuries Compensation Board. Imagine the limit, the most we can give them for being chopped up is TT \$25,000, that cannot do anything. But there was an alarming number—[*Interruption*—be quiet please—of xenophobic crimes.

If I can regale you very briefly before I take my seat, about my own problems with Tobago, because it would impact on how we treat with earning revenue, because Tobago is a gem from which we can actually earn revenue. I was doing a—very briefly—less than a minute—doing a murder trial in Tobago. And because I am single parent and I have custody, I would leave Trinidad every morning, do the trial in Tobago and come back the same day.

Well, one morning I arrived a bit too early. So *Rituals* at Crown Point was closed. I journeyed down into the capital and all I saw was this place that seemed to have been built in the 1920s or 30s; real run down place. So I journeyed in. Well, I was dressed in my court clothes and I tried to buy something to eat. At first, the attendant did not notice I was there, and a Rastafarian took out a purple note and got himself a coffee and a bread and cheese, and he got back some change. When she was finished dealing with him, I waited five minutes. She did not notice I was there. I knocked and she came out, and I asked her: “if all she had was bread and cheese?” And she said: “Yes”. I said: “Well, I am hungry. So let me get the bread and cheese, please; one bread and cheese”. She said: “Well, what you having to drink?” I said: “A coffee”. Then she said: “You from Trinidad?” I said: “Yes”.

So she brought the coffee and the bread and cheese, and I took out a hundred and I gave it to her, and she gave me back \$50 change. I asked her: “Well, where is the rest of my money?” [*Laughter*] She said: “Well, yuh did not order ah bread

and cheese and ah coffee”? I said: “Well, how much for the bread and cheese?; \$25”. I leaned over to her and I suppose it is \$25 for the coffee too? She said: “Yes”. “Ah say gimme back all my money”, and I started to make noise, “and she say: Yuh must know ah Trinidadian”. I said: “Thank you.”

That is the problem. That is xenophobia of a certain type. As I walked out I remained hungry, went to court hungry, and went back home hungry, and I resolved that I would not go back to Tobago for that reason, and I have not been since, except to finish that trial. Because a small bottle of *Nescafé* coffee cost less than \$25, but you put one spoon of coffee and I have to pay \$25 for it? That is a joke. [*Laughter and interruption*] That is xenophobic. Anyway—no, we need to deal with it, come on. We need to deal with it. No, it is malice, I have to have malice if that is what you are doing me. You cannot be robbing me like that; one country.

Now, I want deal with two things before I sit. In the last budget—and can I ask with your leave, Madam President, how much time I have so that?

Madam President: You actually have until 6.36.

Sen. W. Sturge: Right. So I am sorry for the person who said one minute.

Hon. Senator: “Yuh have time.”

Sen. W. Sturge: I do not think my health will permit me to go until 6.36, but—someone point out something to me recently and it make sense. He said to me: “It is amazing that the only group left untouched in the 2015/2016 budget was big business, the large conglomerates”. So we have four commercial banks, I think two or three of them who boast more than \$1 billion in after-tax profits, and two conglomerates I remember *ANSA McAL* being one of them, posting the same time type of after-tax profits. They were left untouched in the last budget, where everybody else had to shoulder the burden.

Come March 2016, I will be looking on to see whether they remain untouched, because as the person said: “Why were they not touched if they are making so much money, banks in particular?” You go to the ATM to withdraw money, they charge you. You go to the ATM to put in money, they charge you. You say, well, “since you charging me, ah not going to the ATM, ah going to de teller”; they charge you more. They charge you for keeping the money, but I cannot leave it under my bed. They basically run a risk-free operation and charge you for every, single thing, and somehow they remained untouched in the last budget. You cannot be posing \$1 billion in profits after tax, taking advantage of the average man, and remain unscathed. If everyone else has to bear the burden,

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they must also shoulder some responsibility. Out of the \$8 billion, they altogether achieved in after tax profits, I would like to see about \$1 billion or \$2 billion come into our coffers.

Now, the last thing that I wish to touch relates to comments made by Independent Sen. Roach. Now, Independent Sen. Roach—I hate to misquote persons, but I could not type that fast, and I probably even made more errors writing it down, but if this quote is correct, then it is disturbing: public officials engage in hype and mischief. That is the first quote. Second quote, Sen. Roach lamented the fact that he did not have data from a credible institution or person.

That to my mind was a very direct and very frontal attack on the Governor of the Central Bank coming from an Independent Senate. I would have expected that to come from the other side, not from an Independent Senator. [*Desk thumping*] That I find very, very disturbing. While you are talking about Central Bank Governor, and you are saying: he is saying, he is sorry he did not have CSOs statistics and so on, which in the end we found out was not reliable at all, but he would prefer to have that, rather than believe what the Central Bank Governor is saying, that we are in a recession. So he says: he is not going to take into account. He is not going to follow what public officials engage in hype and mischief are saying, and he would prepare to have the data from a credible institution or person; that I find very, very disturbing.

I want to close by saying, if that is what we should expect from Sen. Roach, I believe maybe he should consider, since someone on the other side lost her deposit in Caroni I think it is, make room and take him on the other side, because those comments—[*Interruption*]

Madam President: No, Sen. Sturge, no. That is out of order, and please withdraw that statement.

Sen. W. Sturge: I withdraw, but the point I was trying to make, Madam President—[*Interruption*]

Madam President: Do not try to revive what you have just withdrawn.

Sen. W. Sturge: I am not reviving it, but the point I am trying to make, is that it is—we need to be careful about how we are perceived when we say certain things. We need to be careful about when we attack public office holders. In the same way as quite rightly, I am being chastised for saying what I said about Sen. Roach, quite rightly. I think there should be some level of chastisement when persons, independent persons attack officer holders like the Central Bank Governor.

So, Madam President, with these few words, I thank you for permitting me this opportunity. [*Desk thumping*]

The Minister of Agriculture, Land and Fisheries (Sen. The Hon. Clarence Rambharat): [*Desk thumping*] Thank you, Madam President. My friend, Sen. Sturge gave us advance warning that he is more of a lawyer than an economist, and I guess he proved himself right.

Madam President, why are we here? We are here because unlike Sen. Sturge, who could demand his \$50 back in Tobago, the citizens of this country cannot demand the billions that have been wasted, [*Desk thumping*] billions that have been mismanaged and unaccounted for under the UNC administration.

It is very well known that I come from the constituency of Mayaro. In my constituency there are about seven or eight reforestation gangs, each comprising about 35 workers. Since the end of the financial year these workers have not been paid. Across the country there are about 85 gangs engaged in reforestation works, all of them have not been paid accounting 33,000 workers, Madam President. Any why have they not been paid?

6.30 p.m.

I have been across the country, as the line Minister responsible for these reforestation workers, explaining the reforestation project is funded by the Unemployment Fund. It cannot be funded in any other way by the Government, and when this new financial year began the Government discovered that the Unemployment Fund has been mortgaged to a hilt. It cannot be touched and these workers cannot be paid. Since October 01, 10 weeks, 3,000 workers, among the lowest income earners in the country, have not be paid, because the administration that those five Senators over there represented mortgaged the Unemployment Fund to a point that we cannot access the funding to pay these workers.

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

So as high-sounding as these Motions may seem, the impact on the lowest income earners, come right up, has been very significant in the inability of the Government to make financial decisions, and that inability stems from the mismanagement, waste, and a lack of accountability of the people who now sit on the other side in the Opposition. And what do we propose with these Motions? We propose to give ourselves the ability. Nobody is saying that the Government is going to consume \$50 billion.

All these Motions, let us say, is that the Government will have the opportunity to borrow up to the limits which are now being prescribed. And why are we doing that? The explanation is simple. The UNC Government took this country to the pawnshop and this Government must now go and retrieve this country, and may

very well have to borrow in order to do that. It is that simple. Without the limits being increased the Government will not be able to function and deliver what it is supposed to do to the lowest levels of the society right up.

But, Mr. Vice-President, I am amazed at the sanctimonious behaviour on the other side. It is almost as though life began on the morning of September 08, and now I hear the expression, “Forget that, that was in the past”, but it is a past that we have had to live with and we now have to deal with, we have no other choice. The sanctimonious behaviour extends across the board in both Houses of Parliament. I, for example, have been asked two questions by the Member of Parliament for Mayaro. Mr. Paray, the Member for Parliament has asked me about a fishing facility in Ortoire Village and a fishing facility in Guayaguayare. And we know, I have listened to every speaker here today talk about the importance of food security, of agriculture, of being able to feed this country, and if it is anybody, because Mr. Paray boasted through the election campaign that he lives in Mayaro, and for five years of the UNC Government Mr. Paray sat in Mayaro, Ortoire Village, five minutes’ drive in that way; Guayaguayare, 15 minutes’ drive in that way; Mr. Paray never asked a single question about those two fishing facilities.

After the PNM Government constructed the Ortoire facility at significant expense, for five years the UNC Government did nothing with that facility. It remained locked up, and after the UNC Government spent \$60 million on the new Guayaguayare Fishing Facility, and opened that facility in June 2012, not a fish has landed on that facility, and Mr. Paray sat in his air-conditioned office in Mayaro and he asked not a single question—and I accept that. I accept that as the Minister responsible for fisheries, he is right to ask me the question, but for five years he showed no interest, and that is typical of the behaviour of the people on the other side of this House, and in that House. [*Desk thumping*]

In my previous life as a columnist, Mr. Vice-President, the moment that Beetham wastewater project became known to the public, I wrote in my column and I pointed to the disparity between those two bids, the \$400 million difference. I asked several questions about it, but the most important thing I said in one of those articles on the wastewater project, I pointed to a previous report by the FIU, where \$1.3 billion in transactions was stopped by commercial banks in this country. And I asked the question, who in this country has \$1.3 billion in 39 transactions to put into the financial system without being able to explain the source? What type of business in this country? Which businessman goes to the bank with an average of \$31 million in 29 transactions and cannot tell the bank where the money is coming from?

And I said, in the context of Beetham wastewater, that the FIU needs to look closely at these transactions, and the politicians and contractors in this country, and see if those bids involved money laundering and corruption. Now the Beetham wastewater comes up again with the contractor who was preferred and selected, and questioned and pointed, and many allegations made, being unable to complete the project, and now we have allegations that the contractor is not even in the country, and it might be ultimately that the assets of that contractor cannot be found. That is the reason why we are here today, Mr. Vice-President, because we now have to find the money to finish, we now have to find the money to clean up the mess, and my colleagues on the other side can now sit back like Pontius Pilate and not be held accountable, or so they think.

The highway to Point Fortin, again as a columnist I wrote and I asked—because unlike my friend, Sen. Sturge, I have a little bit of common sense about the numbers—and I asked, who finances a project of that magnitude by dipping into your revenue? Who does that? At that stage I pointed to the most important question to me, it was not the construction of the highway but the compensation which was being paid to the people who were said to be affected by the passage of that highway.

Most importantly, Mr. Vice-President, as it turns out, and as it turns out so many times with the UNC Government, the problem with the highway is not just the financing and the completion, but the close to bankrupt nature of the contractor and the allegations of corruption made against that contractor in Brazil. It all ties up, just as Beetham wastewater and SIS, it all ties up. A decision to finance in a way where you escape transparency, a contractor found in Brazil to be corrupt and a contractor now close to bankruptcy; that is the legacy of the UNC Government that we must now deal with. [*Desk thumping*]

So now that we are in trouble once again, and now that the oil prices and the gas prices that everybody looks to, food production, everybody looks to food security, everybody looks to fisheries, but, Mr. Vice-President, when I spoke in my maiden speech on the budget I talked about some of the challenges in the early days I faced in the Ministry of Agriculture, Land and Fisheries, and every single day I continue to deal with the relics of the UNC administration. If we must provide the food security, and if we must feed this country with local food in the way everybody wants us to, then we must spend money, and money that would only come if the Government is given the room to borrow in case it has to. That is the reality. Not one project could be undertaken in relation to feeding this country with local food and improving the stock of farmers and fisherfolk unless we have the opportunity to raise money for the projects that are required.

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For example, Mr. Vice-President, let us talk about the low side of the UNC legacy. I remembered during the election campaign hearing about the opening of a packing house in Brickfield, and as Minister I saw a newsletter from NAMDEVCO. Now, on the front of the newsletter there is a photo of the CEO of NAMDEVCO and the then Minister of Food Production cutting the ribbon to the Brickfield Packing House. Mr. Vice-President, there is no Brickfield Packing House; this Government and this Minister must find the money to give the farmers of Tabaquite and south-east Trinidad a Brickfield Packing House because the Minister at the time cut the ribbon to a shell. [*Desk thumping*]

Brechin Castle: when NAMDEVCO had also set out to construct a packing house, a project which should have been \$2 million has gone past \$18 million now and there is still no packing house for Brechin Castle. This Minister and this Government, and this raising of the limit to borrow is what is going to help us to complete that packing house for the farmers of this country. The lands, Mr. Vice-President, when I spoke the last time I pointed to certain transactions involving SIS, and since then so many farmers have approached me on the issue of lands and the backlog of applications, and the long time it takes to have land approved, and the delays. And we all know land tenure is the most important issue to farmers of this country, and the most important issue in relation to food security. But somehow, Mr. Vice-President, the average farmer of this country has not been able to access state lands for agricultural purposes.

Then, Mr. Vice-President, as Minister I must deal with transactions like this one: we have here J-ZZ's International Steakhouse Limited making an application for state lands on November 20, 2013, and J-ZZ's is saying in its proposal that they would love to get into goat farming, and outlines in its proposal its love for goat farming and its desire to invest \$25 million in a major goat farming project. In fact, J-ZZ's points out the site that they wish to have in Gran Couva, very close proximity to the Children's Hospital, another shell that was opened. And from 2013 to 2015, Mr. Vice-President, J-ZZ's, that application moves through the system very, very quickly, until in April 2015 an application is made by the Commissioner of State Lands to Town and Country asking about the use of that land.

As it turned out, Town and Country says that it is approving that land for use, except for goat farming and suddenly, Mr. Vice-President, JZZ's is no longer interested in goat farming, and they are now saying, we are going to continue to cultivate the land in the way we have been cultivating. Up to today, nothing has been cultivated on that land, that land has not been used for agriculture, and on the morning after election JZZ's was given permission to occupy and use 25 acres of land for agricultural purposes.

6.45 p.m.

That land, Mr. Vice-President, is valued at about \$30 million, and no agricultural use, no other farmer, no other person in this country has been able to have access to land for agricultural purposes in the manner in which this applicant has been able to do that.

Then we have another one called Planet Magic, and that is real magic. Planet Magic applied by letter, Planet Magic Limited, and again one sheet of paper. No major proposal for agriculture, and the application moved very quickly through the system. In fact, so fast that Planet Magic Limited is approved for use of prime lands on Rivulet Road, and then Planet Magic goes and incorporates itself; no proposal for agriculture. Again, nine days after the election, Planet Magic is given the use of this land. Again, a sizable portion of land, valued over \$30 million on Rivulet Road in Couva, in a way no other farmer, no farmer, no other applicant for state land in this country has been able to do. So that is the challenge.

The challenge is being able to fix that system so that the farmers—the bona fide farmers of this country—will be able to access agricultural land. That they would be given the opportunity that it seems under the last administration only friends and family, the few and select, were able to. That they would be able to access the lands that they need to cultivate and feed this nation in the way the country has been asking us to. And the only way this Ministry could provide the lands and provide the use to the farmers, is by having the money to do that. These lands have to be surveyed. These lands have to be developed. Access roads have to be developed, and the only way is if the Ministry is given the opportunity to pursue its development plans for 2015/2016, through the funding that this increase in the borrowing limit will provide for us.

In conclusion, these Motions are steps towards cleaning up and making the financial room for Government's development activities, and those development activities are not secret. Those are set out in the manifesto of the PNM and in the budget statement given by the Minister of Finance. These Motions are crucial to freeing up the Green Fund and the Unemployment Fund. In relation to the Unemployment Fund, reforestation and URP rely on those funds. These Motions are critical to activating the diversification plan, in particular the plans that I have articulated across the country in more than 41 consultations I have had with farmers groups across this country, since taking office.

These Motions are critical to the development of this country, and we must not allow the Opposition Senators and the Opposition MPs in the Lower House, to sit back and be sanctimonious and pretend they do not know that they brought this country into the position it is in now, and we have to get it out of.

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I thank you.

Sen. Melissa Ramkissoon: Thank you, Mr. Vice-President, for allowing me this opportunity to join this debate. It truly has been a long day. Mr. Vice-President, in the words of Henry Ford: coming together is the beginning; keeping together is progress, but working together is success. Our pride should not break us.

I must say at this point in the debate, I am not yet truly convinced that this move to borrow is a successful move for our country. I listened intently to the other place and this honourable House, to learn the reason for the increase in the borrowing limits in the Government who is seeking parliamentary authorization to raise, one, the loan ceiling from \$30 billion to \$45 billion under the Development Loans Act; two, the second Motion which will be debated another time; three, the third Motion which seeks to raise the \$25 billion limit under the Guarantee of Loans (Companies) Act to \$45 billion.

Unfortunately I was unable to clearly identify why we need such large head room of \$40 billion, as we are saying we have \$11 billion in debt. After listening, I heard so much of the different rulings of the administrations of the past, the future, I do not know. So as I continue to listen intently to the debate in this open discussion, where all share the common interest of what is best for our country today and the next 10 years. I hope to clearly identify the intention of an increase of the \$50 billion in the borrowing limit.

Mr. Vice-President, if the economy is growing or just coming out of recession, the Ministry of Finance will be able to control expenditure as a growing economy generates more tax revenue, as more people are employed and more investment goes into new projects. However, is this our present state? We have been alerted as being in a recession by the Central Bank of Trinidad and Tobago, hence our steps as a country should be a different one. I also would be awaiting the Minister's advice on the CSO findings on where we stand as a country in terms of our limits.

I would like now to turn to the *Guardian* newspaper published on May 03, 2012, which states:

In 2011 when the country was faced with a decline in the gross domestic product (GDP), according to the Central Bank by 1.4 % following declines of .02 % in 2010 and 3.3 % in 2009. Both the energy and the non-energy sectors were in a decline in 2011. In relation to the energy sector, the production of crude oil fell by 6.9 % between January and November, compared with the same period in 2010, while the production of natural gas was lower by 4.3 % in the same period.

Yet in 2011 we increased our borrowing limits, and here we are again asking to increase our borrowing limits. So as the goodly Independent Senator who just spoke said, different times, same strategy.

So we speak of dissatisfaction of the then administration's choice, but yet we are now outlining projects and the period in which we want to now borrow limits again. We need to analyse our historical lessons, and make sure we are not repeating mistakes while we are going forward.

Mr. Vice-President, we Trinbagonians are quite understanding people, so we are listening to learn what the \$50 billion will be invested in, and I also support tabling these projects and laying them before Parliament for us to review. I do anticipate that, so we could have a full disclosure of what these projects are, what time we are expecting to pay back these loans and debts. We need to focus on our needs. Food for all, water for all, shelter for all.

The budget was presented with many promises, and money allocations to the Ministry of National Security, Ministry of Health and the Ministry of Agriculture. We need to clearly identify if the budget was made with the sole intention of borrowing money or from accessing revenues from our developed resources.

We need to ensure that we are not inheriting more debt, and what period we expect to pay off this. So I went back to some historical data in the *Hansard* dated September 7, 2011. Mr. Vice-President, if you will allow me to show that our management decisions for the Guarantee of Loans (Companies) Act which was enacted in 1969 prescribed a statutory limit on the guarantee to be provided by the Government of Trinidad and Tobago, for borrowing by solely owned and majority owned state enterprises. Since its enactment there have been eight revisions to the statutory limit under the Act, from 1970 to 2011.

In other words, the last time the borrowing limit was raised was in 2011. So it started from a mere sum of \$70 million in 1970 and gradually improved, in terms of limits so to speak, to \$5 billion in 1979, \$9 billion in 2002, and then \$25 billion in 2011. Now we want \$45 billion in 2015.

So is this the practice of good governance—borrowing? As I said earlier, we need to work together to come up with good solutions. The economists on the Bench gave some pliable options on a way forward. We need not reinvent the wheel, as most engineers like to say. There is no need to. So there are learnings that we can face from past administrations and our present.

Before we borrow to fund projects to ensure the continuity of major projects that will raise revenue and repay loans, I must urge our leaders to rethink the pattern of borrowing. However, I heard the hon. Minister speaking of

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international benchmarks, which is a good thing for us to set our mark of where we want to achieve. If you are adhering to the debt and the fiscal management of the European countries, I would like to share a finding that I was able to find during some research.

If we look at Europe a little closer, we will note that in very recent times Greece was in a debt crisis. I am sharing this because I do not want Trinidad and Tobago to be a victim of such; so I would like to share what I found.

It was really an unfortunate place, because we really do not want to experience this. So we need to vigilantly watch how our international partners are facing their crises. I now draw your attention to the *Los Angeles Times* dated June 29, 2015, which stated:

“Greece won’t be eligible for further assistance from the”—IMF—“fund until it has taken care of its arrears.

The European Central Bank said...that it would not expand the emergency loan program, raising the possibility that Greek banks could soon run out of cash and the government eventually be forced to start printing its own money again.”

We have already heard where we are not even in that bracket, to be printing our own money because of the value.

What does this mean for Greece? Such an event would throw the Greek economy into chaos, as citizens and businesses savings would just be plummeted in value. This will not only affect Greece, as analysts predict. If Greece exits the European market it will plunge the market into uncertainty about the future of the shared currency with a domino effect if investors become more evasive towards countries that are considered economically fragile for reasons that have nothing to do with Greece.

And now I will share with you the *New York Times* dated June 29, 2015. It spoke about bailouts. When you borrow you need to get bailouts. So the bailouts from the IMF, the European Central Bank and the European Commission came with conditions where lenders impose harsh terms requiring deep budget cuts and steep tax increases.

It also went on to the *New York Times* dated November 9, 2015, which said that the country, legislation had to undergo some economic changes forced by the country’s international creditors, which include raising the retirement age, cutting pensions, liberalizing the energy market, opening up protected professions, expanding a property tax and pushing forward a programme to privatize state assets.

7.00 p.m.

All these things were only able to bring forward \$2.3 billion from the bailout programme to Greece. So the reason I share this with us today is that so we could critically analyze the country's experiences and use this method to analyze our own experiences.

So, Mr. Vice-President, we do not want to reach there and we do not ever want to be and remain in debt. We do not want to come back here. So we need to go forward. And growing up we are taught that one should not live beyond one's means. We are not encouraged to live pay cheque after pay cheque. Households are encouraged to lower their financial risks by questioning, can I afford this? Do I need it? And we also know that banks charge very high fees and when you cannot pay your credit card or you cannot pay your credit, they charge you an overdraft fee. And when loans are not paid, they come for your assets and they seize your assets when you are unable to pay. So, we should not be aiming to only borrow, but we should look at saving and what is our emergency fund. Well, it would be very futuristic, but we should really look at being a self-sustaining cultured country.

Mr. Vice-President, the main purpose of a written budget is to ensure financial freedom and living within your means. I was of the opinion that the budget rolled out was based on money expected to be revenue generated, and it was made with the intention to borrow for our needs, and this should really be reassessed if it is our needs that we are looking at, because our needs should be driving the spending.

Mr. Vice-President, the Trinidad and Tobago Parliament has created three committees to be keepers or vigilant watchers of our country's money. But the majority serving on these committees are Government Members who should kept or held accountable. And the public confidence is another area to be discussed. But the three committees dealing with our public money are the Public Accounts Committee, the Public Accounts (Enterprises) Committee and the Public Administration and Appropriation Committee, which is a newly formed committee set up to monitor real-time spending by government agencies.

Now, the PAC and the PA(E)C are charged with the responsibility to examine the appropriation accounts of moneys granted by the accounts of all state enterprises that are owned or controlled by the State. And these committees are established to pursue integrity and effectiveness in the Trinidad and Tobago public service.

Now, the committees meet fairly regularly, on average twice per month or as the needs arise. So one should be aware of the country's spending and its plans and loans for 10 years, or if it is over a repayment period, are the type of loans that we desire to take and if what credits?

I understand we aim for First World status, but at what cost do we want to achieve this status? As borrowing interest increases or climbs, and projects and labour resources are quite costly, I so state again, I am not quite yet convinced. And I say this because as noted on December 04, 2015 coming out from the *Jamaica Observer* news which shared, Mr. Ramnarine said that the last time the country saw economic performance figures like these was in 2009, a recession which lasted all of one year. Prior to that the country experienced a severe recession for seven consecutive years, from 1983 to 1989.

Since September 2014, Trinidad and Tobago has started gradually increasing their policy interest rate in order to help insulate the Trinidad and Tobago economy from the potential disruptive shocks we are expected to feel from the rising US interest rates, and close linkages with the United States expose Trinidad and Tobago to fluctuations in the United States' economic activity and changes to the US monetary conditions.

So earlier in this debate we heard about consultant fees being very, very high. And I think in some projects I heard we had as high as 50 per cent a consultant fee of the total cost of the project. I would like to say we really need to assess the country's needs.

The *Daily Express* dated July 14, 2015 stated that due to:

"...two major oil spills in 2013 and 2014 spurred the government..."—well the then Government—"...to audit all its energy sector assets."

The article went on to say that:

"The audit, the first of its kind in Trinidad and Tobago... It will cost \$15.6 million.

...DNV, a Norway-based company, will be having a nine-month-period to complete this audit, after which a report with recommendations is expected to be submitted to the ministry."

What resources, meaning money and infrastructure, are in place to act upon these recommendations coming out of DNV's audit? We are an aged asset and this is not a secret. How many new fields have we discovered in the last five to 10 years?

As I echoed before, Mr. Vice-President, I am not yet convinced. Our country has paid a consultant \$15.6 million on a national assessment of our oil and gas sector, who has been asking these very same questions, our insurers have asked. Now, there are countless recommendations existing in the various industries, and due to poor procurement systems or lack of resources, these recommendations are unable to be actioned.

Now after a \$15.6 million assessment, who will be footing the bill to implement these emerging recommendations? I am sure if our state enterprises had \$15.6 million, the integrity gaps would truly be closed.

And this leads me to another point, Mr. Vice-President. A lengthy procurement system is stifling our state enterprises. Some enterprises take as much as six months to send out a tender as we call for transparency and accountability and open-tender bidding. And after some initial bids, one needs to evaluate bids, and all this time the facility continues to be unmaintained. Simply put, the roof is still leaking and we cannot fix it because who is capable, certified and qualified to carry out such work? We want accountability of character, transparency of selection of character, but yet the leak worsens.

Mr. Vice-President, we need the procurement process to be finalized and the law deal harshly with contractors who do not adhere to these procedures and these guidelines. And I am sure that the perception of corruption can be reduced by adopting a transparent procurement process that works.

In conclusion, what is our vision and our strategic objectives of achieving our needs? I am not yet convinced increasing our debt by borrowing to pay off loans is the way. Borrowing cannot stand on its own. Borrowing has to be in relation to something. It needs to be linked to the nature of the economy, the size of the economy, the GDP and one's ability to repay.

So as we await the projects that are going to be tabled and the time in which these projects would be repaid, I would like to know what was the contingency percentage used to determine the \$50 billion to start off with? And how we would be generating revenues to pay off this debt, and what period we are looking at in this generation?

Sen. Stephen Creese said earlier that borrowing is a short-term solution that returns us right where we have started. And there is no mention of how we plan to reduce this expenditure. Is the state intervening? How are we going to improve growth of our aged assets and our economy? Too many questions left unanswered to just add to just borrowing or increasing our borrowing limits.

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So, Mr. Vice-President, I leave you with this: Is Trinidad and Tobago's debt profile going to increase the risk for the future of our country? Thank you. [*Desk thumping*]

Mr. Vice-President: Thank you, Sen. Ramkissoon. Sen. Raffoul.

Sen. Jennifer Raffoul: Good afternoon, Mr. Vice-President. I thank you for your time and attention and as always for your service to our country. I can understand the rationale on both sides of the debate. Please allow me to give my interpretation of the financial statistics data and to give my technical recommendations for going forward.

Regarding the financial data, allow me to point out that Trinidad and Tobago's revenue position is quite strong. From 1991 through 2008 we had positive growth rates every year. The overall effect was the GDP in real terms nearly quadrupled during that time. Since 2008, our revenues have been virtually stagnant each year, but there has been no decrease in total government revenues.

When you look at the data here is where the really issue is. While our total revenue was increasing, our total government expenditure was increasing at a rate that exceeded the rate of growth of revenues. According to the data in a Social Sector Investment Programme publication by the Ministry of Finance, spending on social sector initiatives increased from 17 per cent of government expenditure in 2001 to 36 per cent in 2014.

Let me also point out that the financial stagnation which began in 2008 in T&T had little to do with the global financial crisis. T&T had very little exposure to US mortgaged-backed financial instruments, but we allowed CL Financial to continue its risky investments, and when it crashed we absorbed the impact. At the very least, let us stop attributing our economic stagnation to the global financial crisis and let us acknowledge that it has been due to our own mismanagement.

I understand the urgent need for cash flow at this time, but please notice that I said cash flow, not an increase in expenditure. Development financing alone is not sustainable. I have four suggestions for strategic improvements we can undertake to get to a place of fiscal responsibility.

First, let us make use of the development financing institutions, namely the Inter-American Development Bank, the Latin American Development Bank, the World Bank and the Caribbean Development Bank, the CDB. Let me point out, we are shareholders in these institutions. As shareholders we are able to influence the policies and direction of the institutions themselves. Nothing is imposed onto us

without our consent. These are not the IMF. More so, these institutions have beneficial instruments available to us including 1 to 2 per cent interest rates repayable over 25 to 30 years. And most importantly these institutions come with rich technical assistance support which we, Trinidad and Tobago, is in critical need of at this time for moving forward. These institutions also satisfy transparency and procurement guidelines.

Second, let us make sure that our procurement procedures in the future are better than those we had in the past. With having over 100 state-owned companies and boards, each with their own procurement procedures, often with weak implementation, this has led to significant wastage of funds and opportunity costs. If we can improve planning and procurement, I would estimate this could result in cost savings of 10 to 20 per cent of project costs, if not more.

Third, the instrument of social impact bonds. As noted, social spending increased more than the increase in government revenue. Social impact bonds are an innovative instrument because they focus on results and impact. There are different models and I will quickly explain one or two options. But the interesting thing to note about them at this time and for our context is they can help us minimize the immediate needs for cash flow.

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What a social contract bond is, is a contract between the Government and the executing agency, whether that executing agency is a non-profit or a for-profit initiative. The Government and the agency together identify the ideal outcomes, the targets are measured and the executing agency is paid based on outcomes, not based on inputs. One interesting option for us is working with private sector banks as intermediaries. In this scenario the private sector bank pays for the inputs and the Government pays for the outcomes achieved.

I will give you a popular example of where social impact bonds are successfully used. In some community-based projects, in communities with high student dropout rates, the outcomes to find might be getting students to re-enter the school system. If you use the model with the private sector banks as intermediaries, the bank pays for the inputs, i.e. the cost of wages and activities, when the executing agency whether this be a non-profit or a for-profit entity, achieves the results of getting students back into schools, then the private bank is paid by the Government for the results. So, it is noted this puts less strain on the Government's need for cash flow, while also reducing wastage and increasing direct targeting of impacts.

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And the Harvard Kennedy School offers free technical assistance to developing country governments for implementing pilot projects involving social impact bonds. I suggest that we take advantage of this opportunity. Public/private partnerships are similar in this regard as an instrument for our fiscal sustainability and for minimizing cash flow.

[MADAM PRESIDENT *in the Chair*]

And fourth, let me iterate that all of us in this room must take personal responsibility and accountability for national expenditure. In this regard, please allow me to give two examples of wastage that I have noticed that we have all participated in since our appointments in this House. In my last contribution I spoke about driving past this building on the highway on evenings and noticing the lights in every room 24 hours a day. Every time I have sat in this room since swearing in I noticed it is extremely cold and I often find myself shivering, like now. From a health perspective, this cold comprises our immune system. When we send mixed signals to our body from extreme temperature changes we send mixed signals to our microbiome, and this determines how it responds to protect our immune system. Our microbiome or digestive bacteria plays a critical role in our immune health and it is estimated to be responsible for 80 to 90 per cent of our immune system.

More relevant though to this debate and to this example is the financial implication of these air condition costs. When I remarked on the cold and asked if it could be adjusted, I was informed that this building has no thermostat. The air condition simply cannot be adjusted. I asked again during our next sitting hoping that I had been misinformed, I was told the same thing. And most times I go into Trinidad and Tobago Government buildings I notice staff wearing winter jackets and winter gear because it is so cold. This cannot be financially sustainable and those of us who have the opportunity to be here in this room have the power to change it. In my interactions with European colleagues based in Trinidad, to my surprise I noticed they adapt their clothing to the climate, and this does not diminish their professionalism.

In Europe energy is not subsidized, air condition is expensive and they have learnt to adapt to the weather rather than try to change their environment. When we air condition large Government buildings at extreme temperatures for 24 hours a day, how much do we spend on it? There are energy conservation service companies in Trinidad and Tobago that can install energy-saving devices into our Government buildings. Let us take the personal initiative to get this done and start stimulating some fiscal savings as a result.

My second example in this room is this: here I have two pieces of paper that I have received in the last few weeks, much are profoundly contradictory from each other. First, this notice which came with our iPads, it says, the iPads are in keeping with our move to go paperless—although it was on paper.

Second, this paper was delivered to my office by a parliamentary staff person and a parliamentary driver in a vehicle which looked like an SUV. It was a notice of a meeting. I had already received the notification of the meeting by email, and had responded to confirm my attendance by email, so I could not comprehend why an effort was made—to add to the traffic, the exhaust, time cost and opportunity cost to hand deliver this notice. The volume of hard copy documents I received from this office over the past two and a half months is more paper than I have used in the last two and a half years. The default should be that soft copies are distributed and hard copies can be requested rather than the opposite. And furthermore, we can all learn how to use Adobe acrobat to annotate soft-copy documents and print hard copies much less often. [*Desk thumping*] We all expend energy resources individually and collectively. Let us lead our country and use less resources and let us start acting fiscally responsible right here in this room.

Madam President, I thank you for allowing me to speak. As always I often make technical recommendations and collaborations in service of our country. Thank you. [*Desk thumping*]

Sen. Gerald Hadeed: [*Desk thumping*] Mr. Vice-President.

Hon. Senator: Madam President.

Sen. G. Hadeed: Sorry, Madam President. I thank you and all of the Senators who have welcomed me back to this honourable Chamber. It is good to be back, especially when it means that I am back to stand up with our citizens, with our political leader, Kamla Persad-Bissessar, and our party.

Madam President, you will know politically that the United National Congress was returned with not only a landslide victory but a larger victory than when she first took up the post in 2010. Back then the victory set off a series of events that positively changed the political landscape of our country. And I want to urge any friends opposite to understand, that same thing will happen again, do not be too comfortable. [*Laughter*] You are hurting many people. You are hurting many people, and you are jeopardizing our country with your recklessness. [*Laughter*]

I will deal with what I am coming to, Sir. I do not use the word “fail” lightly, Madam President. The mere fact that we are here today debating the Government’s desire to raise borrowings by a further \$50 billion without any shred of a plan or vision is in itself a recipe for disaster. I remember Sen.

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Dhanayshar Mahabir asking Sen. The Hon. Franklin Khan, what is your plan? Senator responded, my plan is my manifesto. Am I correct, Sir? Am I quoting you correctly? Well, if following your manifesto is your plan I have a dissertation going back from 1956 of promises that were made by your Government through its manifesto.

Hon. Imbert: Oh Lord!

Sen. G. Hadeed: You are right, bawl, oh Lord.

Hon. Imbert: It was two months ago.

Sen. G. Hadeed: No, there is no election. [*Interruption*] I want to remind the House and I want to remind the country that Sen. The Hon. Franklin Khan intimated his plan was his manifesto. I will go through just one or two things in every single one of the manifestos that he has said is his plan. In 1956—that is 59 years ago, you know—the PNM promised facilities for small produce, and storage, and marketing, adequate credit, corporation development extension. Today I am hearing, after 59 years, the hon. Clarence Rambharat, Minister of Agriculture, is promising to deliver that what he has promised then.

I come to 1961 promises in their manifesto: highway to Point Fortin, that was 54 years ago, a promise made 54 years ago. In 1961 a promise was made to build a highway from St. Mary's to Point Fortin. In the 1966 manifesto it was stated at page 9 that studies and surveys are in progress in respect of the highway from St. Mary's to Point Fortin. You also promised in 1961 a Rio Claro hospital; you promised in 1961 manifesto, the PNM promised the reorganization of the administration in Tobago. The UNC/NAR coalition Government passed that Act in 1996. That is just one or two things I was just bringing up to show the inconsistency of promises being made in the manifestos of the PNM.

In the '66 manifesto again the promise was made. We go now to Crown Point Airport expansion. In 1966 the PNM promised that. According to the Airports Authority website the facility at Crown Point Airport was upgraded in the mid-1980s to accommodate a new terminal building, access roads, car parking and expansion; the runway was extended to 2,744 metres. The Government of Trinidad and Tobago in 1987 approved TT \$78.7 million for this. This project was completed by another Government, never done by the PNM.

In that same '66 manifesto you promised rural and water electrification. It was only under the People's Partnership Government that 70 per cent of the population got water. Police stations: again, promised police stations, in 1966

nothing was done. In 1971 the PNM promised to expedite decision making and reduce red tape, never did it; East Port of Spain development in 1971, never happened; children's authority in 1971, never happened; Tobago in 1971, the PNM promised total physical separation from their administration. Promises, promises, promises; nothing ever materialized. *[Interruption]* You want it? I will tell you when it is, you know. *[Laughter]* I could go on and on and on, but what I am trying to say hon. Minister, do not promise people things that you are not going to deliver.

In the other place, the hon. Minister of Finance tabled these Motions seeking \$50 billion in borrowings with theatre and shrieks reminiscent of 2009. We all remember that time. The more the then PNM Government failed, the more they shouted that they were succeeding. It was only when the Kamla Persad-Bissessar administration came in that we fully understood the extent of the damage they caused, and tried to hide from the population. So, today in 2015 with some of the same politicians using the same words in the same volumes to chant the same falsehood, they would not find many people listening or believing them. In fact, the nation is now realizing that they must rely on us, the UNC and its partners, to expose the things they try to hide and force the Government to do the right things.

Madam President, I want to say upfront, that I would take a different approach to my contribution, and I crave your indulgence. Rather than going straight into the question I have, I want to first create the path that has brought us to the present. It is a history of economic failure. And, in doing so, I want to make the basis of my argument very clear. The PNM in all of their incarnations has never, and I repeat, never been able to manage the economy in challenging times. The past administrations, the Ivory Towers were built on the back of oil and gas booms.

7.30 p.m.

They only know how to survive when money is making itself. The moment they are called upon to govern by plan, by vision, by strategy and with the good of the people in mind, they fail. They have failed before. And this request for \$50 billion in borrowing is evidence that they are failing again at exactly the time we cannot simply fail.

Madam President, a nation and a people can never really afford to fail. That is to say, a failure occurs because of the incompetence, the people will suffer. In 2010 we had to strengthen our backs and get down to the job of pulling the economy back from decline and negative growth. Increasing unemployment, the

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failing energy sector and no economic diversification, deep and prolonged rural neglect, allowing rates of violent crimes, bridled and unprecedented corruption and pillage of the Treasury.

Madam President, I expect that they will do as they have always done when they rise to speak. They will ignore the facts we have given to the Senate. They will destruct from their failures that almost cost this country its stability. They will raise their voices and fling their arms, left and right. They will change the story inventing tales of mismanagement. That is how PNM works. We all know that they know how to do that and they will do that for one reason. They have no record to defend, no vision to articulate and no plan to share with the people of Trinidad and Tobago.

This is a Government that cannot be trusted. If they say different I challenge them, every one of them. Before they say anything else I challenge them to tell this Senate that in 2010 when the nation evicted them from office after just two and a half years, was the economy stable and growing? Was crime under control? Was the energy sector growing? Was there no rural neglect? Was diversification working? Was there no corruption? If they want us to believe anything they say they must put aside the ways they have already tried to mislead this nation. I challenge any one of them to say these things before they deal with these Motions. This is where we will see the truth, Madam President, because not a single person on that side can make these claims. At least two times in the history of this country, the PNM had to be thrown out of office amidst collapse and economic chaos they created, the second time only after two and a half years.

On each of these occasions the PNM left office after consuming an unimaginable amount of boom revenues with almost nothing to show for it, but incomplete projects, debt, labour instability and corruption. If we have to clean up their mess again, Madam President, we will, but not without ensuring that we gave them every opportunity, every bit of advice to do the right thing. They have had enough people telling them what they need to do, so incompetence is no excuse for failure. If they fail what they have already started, it will be because of their arrogance, misrepresenting the past.

Madam President, I say the signals of failure are already clear because they put forward their arguments for \$35 billion more. They did not say a word about a vision or a plan. They came to us to borrow \$50 billion more because they said there is little room for borrowing after our administration. What they did not tell you was the reason why the People's Partnership had to borrow in its five-year term. We took over the government in 2010 and found a total debt of \$45 billion

and a deficit already in place. At the end of the financial year the deficit was already \$2,437,000,000. In fact, they spent five years in Opposition berating us for running deficits. But in a few minutes I will reveal to this Senate the shocking truth where deficit budget started.

In 2002, revenues, \$15,000,387,490; expenditure, \$15,000,513,737; a deficit of \$126,000,247,000. In 2003, revenues, \$18.7 billion; expenditure, \$20.2 billion; deficit, \$1.4 billion. In 2004, revenues at \$20.8 billion; expenditure, \$22 billion; a deficit of approximately \$1.2 billion. In 2005, revenues of \$28,000,000,330; expenditure \$30,000,000,831; a deficit of approximately \$2.5 billion. In 2006, revenues of \$37.4 billion; expenditure of \$39.9 billion; deficit \$2.4 billion. In 2007, revenue \$40,000,000,444; \$41,000,034,000 in expenditure; \$590 million in deficit. In 2008, when the problem started, they got revenues totaling \$55.5 billion; the expenditure was \$55.4 billion; and they had a surplus of \$89.2 million. [Crosstalk] I am just giving you the facts, Sir. In 2009, revenues of \$40.4 billion; expenditure \$45.3 billion; a deficit of \$4.8 billion. In 2010, \$43.6 billion in revenues; expenditure \$46.1 billion; a deficit of \$2.4 billion. They had total revenues, between 2002 to 2010 of \$300 billion and they had expenditure of \$316 billion.

That is where deficit spending started. We had to do the same thing. We are not saying we did not do it, but we did it in a constructive manner and I will explain how. [Crosstalk] In fact, they spent five years in Opposition berating us, running deficits, but in a few minutes—I have passed that anyway. Back to my point, by 2015 the total debt was \$76 billion, an increase of \$31 billion. Of the \$31 billion we had to pay dearly for the mistakes they made. They bungled the Clico bailout which created debts of over \$20 billion.

PROCEDURAL MOTION

The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan): Madam President, in accordance with Standing Order 14(5), I beg to move that the Senate continue to sit until the conclusion of the debate on all three Motions listed on the Order Paper.

Question put and agreed to.

DEVELOPMENT LOANS ACT (INCREASE IN BORROWING)

Sen. G. Hadeed: Thank you, Madam President. They bungled the Clico bailout and created debts of over \$20 billion to be resolved. The Government Campus buildings, they overspent hundreds of millions of dollars and left it

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incomplete. Contractors who worked for the PNM vanity projects were owed billions and no one in the PNM had ever answered why after budgeting for projects carelessly allowing over budget spending on all of these projects and spending hours in the House. And then the other place defending them and still had to pay their debts. How, why, where did the billions of dollars disappear?

When you want to ask us to borrow \$35 billion, account for the billions that you have not explained over the last five years. You budgeted for billion dollar projects, you left office with these projects incomplete. You budgeted for them, you did not even pay the contractors. If you want us in this Senate to agree with you to getting your hands on \$35 billion in borrowings you have to explain this first.

Madam President, as we await the story they will give this Senate, on the case of the PNM missing billions, let us return to actual borrowings. The past administration excluded the borrowing to pay the debts they racked up and still not explained, left a net increase in debt of \$11 billion for a five-year period to be used for purposes relevant to these Motions. Let me be clear, our borrowing for the purpose of these Motions, net of the Clico and Government Campus burden they left behind, was \$11 billion in five years. And they are coming here with these Motions for \$50 billion in just one debate.

This is why, Madam President, in the other place and in the public, the question is being asked, if the PNM had been able to create such a perilous path for us in just three months, can you ever imagine the damage they will cause in five years? They came here and in the other place rolling off figures and telling all sorts of stories about why they failed to even get started with the job of governing. They said that the previous Government mismanaged and this is why they have to borrow \$50 billion.

Madam President, I am putting it to you and to Members of this House and to the country that those stories are not true. Because in five years the People's Partnership Government borrowed \$11 billion for development purposes and delivered like no previous administration ever could have done, but they want to borrow \$50 billion in this one debate and they came here for us to approve that. How could that make sense? Not even for the best storyteller.

It is not enough to say that we borrowed almost one-fifth of what they are seeking and ran this country for five years—let me tell you some of what we did with it. The PNM needs to learn how to manage an economy and they need to learn fast. Because if they are allowed to do as they have already done there will be no economy left to fix in 2020.

7.45 p.m.

In education, so let us look at how we spent a fraction of what they want. The Minister of Education in the other place last Friday spoke as if he did not get a budget this year to meet the outstanding commitments. It was almost as if he was double counting. And while he may need some additional money, there is absolutely no way, whatsoever, that he can need anything close to what he asked for.

When they left office almost 10 years ago, they promised over 600 early childhood centres and they delivered 22. In the five years the People's Partnership delivered over 210 early childhood centres and government-assisted—and this country is the first in the world to have achieved early childhood education. Dispute that before you tell your stories. In five years we spent 600 to upgrade 850 schools across the country in every constituency. *[Interruption]* Doubt it. It is there for you to prove. And in January of this year when the former Minister of Education spoke at the opening of the new school facility, he made it clear that in five years \$165 million in repairs and maintenance went to schools in Opposition constituencies. Dispute that if you can.

You want to hear more? You need to hear more because you all see facts in front of you and telling stories that are not true. When the People's Partnership Government spent money, we spent it on computer labs in each of our 125 secondary schools and over 337 primary schools in Trinidad. We also partnered with the global tech company, Samsung, for 20 schools with 21st Century smart classrooms, as a first part of that programme. We employed over 280 remedial teachers and close to 300 substitute teachers in the primary and secondary schools in different subject areas to ensure that children had every support they needed to succeed.

We developed a programme for annual screening of approximately 18,000 children to identify and assist visually impaired and hearing impaired students. In our five years we constructed over 100 new school facilities and when we left office almost 100 more were in different stages of completion. And these are just a handful of the programmes that we spent the money on in one Ministry, to ensure the future of the country is stable and secure.

I come to energy, Hon. Sen. Khan. Madam President, one of the main features of the decline in the Government revenues has been the falling energy prices around the world. But even with the decrease in revenue, we could have countered the challenges by having higher volumes, but it was their failure to act

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that almost collapsed our oil and gas production. I would like to venture to say that the problem that we are facing today, economically, is the mismanagement of how the People's National Movement handled the energy sector. We all know that gas is a diminishing asset. We know it. Oil is also a diminishing asset. It takes approximately 15 years, from licensing, exploration appraisals, development, to production. It takes almost 15 years to bring a field on stream when they decide to invest.

The PNM Government did not do what they were supposed to do as early as 2000. They ought to have, at that time, granted tax relief to the up-streamers. They ought to have paid attention to the diminishing reserves; to replenish the diminishing reserves. But the PNM does not like to give up tax revenues, so they did not. They did not give the tax incentives to the oil companies for further exploration and development, and here is where the problem lies, squarely on the back of the People's National Movement for ineffective management.

In 2006, I believe, two deep water bids were awarded; no incentives to the developers. They are handed back. In 2007, seven were given, five on land, two offshore. Again, handed back to the Government because no tax incentives were given. How could you be competitive in an oil and gas economy when you do not give competitive bids and competitive tax concessions to the up-streamers? Because we are competing against the world for that one dollar. What happened then? No revenues. No drilling. Drilling almost stopped in 2000. Drilling days—Sen. The Hon. Franklin Khan, you know the oil industry. If there are no drilling days in 2009, what does it tell you? It tells you, Sir, that without replenishing your reservoirs, here is where we are today. Here we are today.

Oil production fell by almost 50,000 barrels per day between 2005 and 2007. They sat there doing nothing. Investors were refusing to pursue new investment because they, the PNM now in Government, did not know how to manage energy and how to make the sector competitive. In 2009, drilling almost was at a standstill. In 2010, there was almost no drilling activity.

Madam President, because we structured the fiscal regime for the energy sector and worked overtime to restore the sector, by the end of 2014, rig days increased—doubled to 2,443. The figure for 2015 is on target to surpass 2,500, and by 2015 the decline in oil was halted. Twenty-one new producing sharing contracts were signed. Drilling is set to begin in the deep water in 2016 and we attracted foreign direct investment topping \$2 billion in energy alone. When they want to make up stories about what the previous government did, we are here to provide you the facts and the country the facts. This is how the money was spent.

Madam President, they talk about how we spent money wildly, and tell other stories as though they are trying to force the public to believe that they are speaking the truth, but if we also look at Health, you would see some of the most shameful failures by the PNM. The Scarborough Hospital, which was started by the UNC government in 2000 was left for almost a decade riddled with cost overruns and still could not be completed. It was the Kamla Persad-Bissessar administration that finally completed the hospital and delivered it for the people of Tobago. Could you deny that? We also started and completed the Couva Children's Hospital; delivered the San Fernando Teaching Hospital and started construction on the Arima and Point Fortin Hospitals.

And while we are talking about health facilities, at the same time we upgraded and built 105 community health facilities. If you want to talk about how we spent money, this is what we did. We did it for the benefit of the people and we recognize the need to staff all of these facilities. What did we do? We started the El Dorado College—the College of Nursing and Allied Health in El Dorado so we could train our expertise to staff our own health systems.

I now turn to national security. Madam President, two things especially have made me ashamed of this PNM Government; the way they are politicizing security and the way they are burdening the failing economy. When we were in office we focussed on delivering safety and security to the people through the formal establishment of the National Operations Centre as the backbone for intelligence-gathering and information-sharing among law enforcement agencies; formal establishment of the Rapid Response Unit; formal establishment of the counter human trafficking unit; establishment of the National Security Training Academy; formal establishment of the Energy Sector Security Initiative.

We improved the technological platform to enhance the responsiveness of protective services and expanded recruitment and training to ensure we had sufficient force to fight crime, and we reconstructed nine police facilities across the country. When they spoke about the purchase of the naval vessels by the previous administration, every one of them in the other place stood up and said there was no firing mechanisms on the vessels. They repeated it over and over and over. But they know it was completely false.

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

Sen. G. Hadeed: Oh, my dear.

Hon. Imbert: That is five too much.

Sen. G. Hadeed: They all knew that the firing mechanisms were disabled on the vessels we bought because they were here for demonstration purposes only. The vessel delivered to the authorities would have been fully equipped with firing mechanisms and everything else. They all knew that, yet they all said things that they knew were untrue to make the public believe something was false.

When we are talking security, Madam President, it is shameful to knowingly know something untrue, especially because the nation is depending on you to provide security. More than that, I have been advised that the payments for the national security vessels we purchased were accounted for in the current credit limits. The Government does not need an increase in limits for this to be paid. Is that not shameful and reprehensible, Madam President, that they are saying they need to borrow money to pay for something that is already accounted for in our current debt ceiling?

I have so much that I could say, Madam President, but I will hold this back for another time. I want just to request of the Minister of Finance to please do not borrow \$50 billion. It is not needed. If you need to borrow and you must borrow—I agree, you must borrow—be prudent in your borrowings. Do not exceed \$10 billion or \$12 billion. You do not need to do any more than that. And I would like to say that I support the Motion brought to this honourable House by my colleague, Sen. Wade Mark, and I will be supporting this and I am calling on everyone in this House to support this Motion—the amendment. If you do believe in the transparency that you talk about, I would like when the voting is taking place to see every one of the PNM subscribe to this.

Thank you very much, ladies and gentlemen. [*Desk thumping*]

8.00 p.m.

Madam President: Sen. Small.

Sen. David Small: Thank you very much, Madam President, for the opportunity to join in this debate at 7.59/58/59, eight o'clock. Bang on schedule. I am going to have some fun here tonight, Madam President, because I believe that I have an approach to this which is slightly different. I am not an economist and I am not an attorney. I am just a regular normal person who had to have the experience of having to explain what this means, and it is part of something that we fail to grasp a lot of times that the normal person in the street struggles to understand these processes, and then when we overcomplicate the debates people get confused. Now I do not know if that is deliberate or just how it works out, but that is an issue.

The frame where we are operating in is that we have an administration in office just about three months, and for the first part of that period the focus was largely or squarely or completely totally on developing and bringing a budget and getting it passed. So that from where I sit I do not think there is any argument. I am not in a position with the data that has been presented to contradict anything the Minister of Finance has said about the current status of the Government's finances, and that in order for just pure prudence to be able to untie the Government's hands to be able to operate, there needs to be some flexibility in the system.

In the absence of definitive data that can show me that the Minister of Finance has presented incorrect data, I think just out of prudence it is not my role certainly to tie the Government's hands in terms of what they want to do, in terms of where they are, probably still developing the agenda for what they would like to do, but I have concerns, Madam President, and I will spend a couple of minutes if you will permit me to just develop a couple of those concerns.

One of the issues, of course, that everybody has spoken about is, by increasing the spending limits it is very likely that the Government of the day will use it. Okay, that is fine. That is the history. What I find particularly interesting about this request or this Motion by the Government is that the last time there was a spending limit increase—I think on the Order Paper I looked at it, it said September 10, 2011, and that was roughly 16 months after that current administration was in office. We are here just about three months into the current administration's operations, so that to me, as a layman, suggests some level of urgency about why this has come so early. That is my read of it, that there is some reason why the Government has not said, listen, let us take a year to try to figure out exactly what to do and then come with a detailed plan of activities and a range of strategies to achieve our objectives and then identify clearly and squarely where the funding for those things will go.

My read of it is that there are perhaps some challenges now that are urgent and are pressing, and that while the plan for all the various things are being developed, they need to make sure that they understand how far they could go. That is my read of it. But I continue to be concerned because the status of the energy sector revenues in particular, I looked at my wonderful toy a couple minutes ago and WTI closed around \$37 and some cents again today. Yes, that is scary.

The OPEC partners on Friday said okay, Gunfight at the O.K. Corral, let us see who blinks first. It is between OPEC and the shale producers, nobody is blinking. So, everyone is saying that we are going to see how far it could go, or how low it

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can go. Henry Hub and Nimex this afternoon closed at \$2.06; LNG for delivery to the Far East in Japan this week, \$6.75; LNG for delivery into Bahia in Brazil and to the other port in Argentina, about \$7. So that none of those markets are exciting right now. None of them are exciting. It does not mean that the LNG operation in Trinidad is losing money, because they are not. Not by a long stretch. They are still making money, but I have dealt with that in another frame and I will develop that in another time.

I am not going to talk about recession because I believe there is somebody quite more learned than myself who will come and speak in detail. But my concern is with a statement about the country being in recession and then from all appearances and from all utterances, the other leading actor in the economy, who is the person that every citizen looks at to understand what is going on in the economy, is caught unawares. I have a challenge with that. It is impudent, improper, wrong. I do not care about personal relationships. Let us be professional about this.

We are managing an economy in a crisis situation and you cannot be making statements like that without proper consultation. It cannot happen. It cannot happen because what you do, you send mixed signals to the economy and everyone is now asking, well, if he did not know, is this data correct? And if he did not know—perhaps, Madam President, with the greatest of respect, I have the advantage of many years being in a place where when this release happens a copy is provided but it is embargoed. So I have seen the embargoed copy of this in a former life, probably a day before it actually comes out—[*Interruption*]

Hon. Imbert: That is the practice.

Sen. D. Small:—and that has been my short 23 years' experience in the system. That is the practice. The Central Bank wants to make their release; they provide it to the key Ministries—Ministry of Energy and Energy Industries was one—so that in the event the Minister of Energy and Energy Industries has to make a comment, he is prepared. He is not caught unawares—as a courtesy.

So that when you have a situation now, whether the information comes out and the Minister is none the wiser, caught completely unawares, something is wrong; and I do not care about personalities. I am not dealing with personalities. I am dealing with process and something is wrong with the process because we are dealing with an economy. Let us be big boys, pull up our bootstraps and let us get it done properly and forget egos. We are in a crisis situation with revenues, and signals to the market are important, and let us deal with this like professionals. Yeah?

Madam President, the other issue I want to talk about is, while— according to the release we are in a recession—part of the challenge with that for us is how we deal with that and the plan for that and sometimes some Governments tend to want to try to spend their way out of a recession. Part of the problem for Trinidad and Tobago is that when we try to do that, that money actually does not stay here. That money goes somewhere else because we are a highly consumptive economy and a lot of the consumption is for products and services that go overseas. So that, you know, we tend to have a leakage. So while the intent of the actions by the Government to spend to put into the economy, actually a lot of that money leaks and goes overseas and it does not really have the intended purpose of bolstering economic activity in the country. So those are things that are not easy to solve.

The wonderful and learned visiting—for the record—professor at McGill University will speak to that issue I am sure. I am not an economist and I am not going to try. So I think the most pressing problem in my opinion, Madam President, we have to reduce the uncertainty in the real and financial parts of the economy, rather than simply propping up demand through increased spending. In other words, the problem is structural rather than situational, and this is exactly why the diversification agenda is so urgent but it must be tackled without subsidies. Otherwise, we will simply be building another sector dependent on state or government finances for their survival and growth.

On that premise, Madam President, I want to share—I was doing some research and trying to understand the linkages between subsidies and diversification and innovation in economies, and the United States House Committee on Science, Space and Technology received a submission from Veronique de Rugy, who is a senior research fellow of Mercatus Center at George Mason University. The title of her presentation to the House Committee was “Subsidies Are the Problem, Not the Solution, for Innovation in Energy” economies. Here is part—and I quote some of the comments she made and they are key. I quote:

“3) the existence of government subsidies increases the incentive to lobby and the power of special interests.”

That is the exact status quo in Trinidad and Tobago. Those who are receiving subsidies of all kinds have access to the corridors of power and always seem to be lobbying for their various issues, but here is the big one and I quote:

“When the government subsidizes businesses, it weakens profit-and-loss signals in the economy and undermines market-based entrepreneurship.”

Here is what that means, Madam President. When a company reports that it has gotten X level of profits, but underlying those profits, what is really driving those profits or supporting those profits is a high level of subsidies. That means that the profits that they are reporting are not real. The normal profit signal that we would get in a real clean market, if that is underpinned by subsidies then that profit and loss is not real. It is significantly weakened and that is part of the problem. I continue to have a thesis that companies, a lot of organizations, a lot of businesses, a lot of manufacturers or whatever, the profits that they generate, while they are real numbers for them—if you really disaggregate that number, then you will realize that it is not necessarily completely, totally correct and accurate. The other key observation made by Dr. de Rugy is that and I quote:

“...entrepreneurs have often had to overcome barriers put in place by governments and dominant businesses receiving special treatment.”

Again, what the good doctor is suggesting here—and this is testimony to the United States House Committee on energy and innovation and how you fix these things. She is suggesting that when you have these special interests in place these businesses become dominant and effectively close the doors to others, and by doing that they stifle innovation and stifle diversification efforts and you have to break that cycle. If we do not break that cycle all we will be doing is pumping money into businesses that have profit signals that are not real, and it is not going to be an easy fix. My good colleague, Sen. Henry, is shaking his head. He understands that structurally some of these things need adjustment.

Madam President, I am also like everyone else, several other speakers, and I would not stay long on this, but I am fearful of that. Our past and planned borrowing could be limiting our future options. The term that is often used is “mortgaging our future” and the billions that we will have to be spending to repay the existing and future debt could be used for more developmental needs, and this comes at a challenging time for our country when our revenue situation is challenged. I am in a place where I reviewed the hon. Minister of Finance’s budget presentation and I am in the thought that, listen, wherever his thought processes and his positivity is, I am behind you, because I am hoping just like you that those projections for the revenues come through because if they do not we have issues. We have major issues.

So I am like this, like this, like this. I am hoping that whatever you have in place is actually going to work and deliver the revenues. By March mid-year review we will all be in a better place to figure out where things are, but here is what I am hoping for Trinidad and Tobago: that they come close to where you

want it because if there is a big gap and oil prices remain at \$37, we have a huge problem—major problem. I am not saying that to be negative, but that is the reality. I am on your side because I believe I am on Trinidad and Tobago's side because I do not think anyone in this room wants Trinidad and Tobago's economy to tank. Nobody wants it. I certainly do not. So from that perspective I would like to—and I am hopeful that the things that are in place will work.

So, Madam President, as I continue to say, these powerful contributions from a Senator without portfolio, I have to really temper them down and be more relaxed.

8.15 p.m.

I have a couple of questions because I believe that, as pointed out by my colleague, Sen. Shrikissoon, there seems to be a pattern on how these things are presented. I have a good experience when I was studying in the UK. It was a very interesting experience. Actually, as you are aware, there is the sustainable development session going on with the Commonwealth Parliamentary Association. I delivered a presentation to the group this morning, I moderated two panels. On one of the panels, one of the UK representatives is the MP for an area in London called Hendon.

Just for information, Hendon is the town where I lived when I was studying in London for two years, so he is the MP. He is my quasi-MP and Hendon is the one place where I have lived other than Trinidad and Tobago, so we were reminiscing this morning about what is going on in the community and we had a good chat, but here is what he told me. He says he recognizes that regulation is an issue in this part of the world and even if you get to the stage of having it in the books, here is the problem: implementation and acting on it. I am not going to talk about the SEC today and all of those who need to be prosecuted for doing the things that they have done but here is my concern.

If under the previous administrations, there are accusations of something called corruption that for me does not exist, but let us just assume that there is corruption—because it does not exist. We have to be ultra-careful now when we are in a depressed revenue situation. The Government is going to be borrowing funds to apply to development, we need to make sure that we limit the possibility of banditry. We have to find a way to make sure that we limit the possibility for banditry because banditry has been the order of the day. But I continue to say that I am not seeing any arrests, any prosecutions, so perhaps I am just dreaming. But given our current situation, every dollar counts and when the Government is

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doing projects, they need to put the measures in place to protect the money of the citizens, because these people are stealing money from the State and taking food off the plates of the citizens of this country and we have to find a way to stop that. Forgive me, Madam President, I have digressed.

Madam President, what I was going to ask is, in packaging these offers, these Motions, I would have liked to see, as an analyst myself—I am an analyst by training—a review of what has happened to the existing debt outstanding versus what percentage was used for operating on other purposes and for capital purposes. So that the existing debt portfolio, what applications have they been put to? In other words, what has been the history of the use of debt funds by the Government? Because when you put that on a schedule for me, I can say the Government has taken debt funds, they have done capital projects, they have done development projects. What have they done with it? I am operating in the blind here and I would have loved to see that—[*Interruption*]

But in terms of just being able to understand what has happened, even if the Government—and I understand the Government today is probably not in a position to outline everything that they would like to do, at least for the history, for the record, what has happened. Because, unfortunately, history has a way of repeating itself—unfortunately, whether we like it or not. So that perhaps, we should seek to have in our consideration that you restrict in a situation where the country is revenue-constrained and depending on what happens at the mid-year review, we may have to look and say, “whoa, any debt funds that the Government is going to be using, we need to be able to say clearly what you are going to be using them for”. Because we cannot operate business as usual if we have a restraint—there have to be adjustments.

One of the other concerns as raised by my colleague Sen. Shrikissoon is effectively the backdoor borrowing by State entities. There is backdoor borrowing that does not need to come here but it is happening and it is available. And the Minister of Finance is only one person, he has a tremendous team, but believe you me, the people who are running the State enterprises are terribly creative and things will always slip through the cracks.

I recall Sen. Ramkissoon was talking about procurement and I have had the unfortunate pleasure of sitting on a board of directors of a state company and seeing a procurement activity and the in-house estimate is \$10 million and the winning bidder submits a winning bid for \$9.9 million. Now, you stood there and they are the best bid, they meet all technical requirements, but clearly there is some collusion between whoever prepared the in-house estimate and the bidder.

But you sit there as a board, you cannot do anything about it, you cannot prove it, but it tells you that there is a signal that something is wrong. Something is wrong going on inside of there and there is a lot of that, and then, because of how that works, it tends to go around the system and everybody “benefits”. But I will leave that for another time, Madam President.

I have a recommendation, not necessarily for this Motion but I am suggesting in the same way that the Government has created the Economic Advisory Council, that they create an infrastructure and capital assets advisory council who would lead in preparing a countrywide capital needs assessment to develop firstly, a complete inventory of the State’s core inventory and assets and prepare a comprehensive strategic plan to guide the Government’s capital planning process. We seem to have abandoned planning in this country and it is a real concern of mine. It is difficult to operate in a place and try to do things without some sort of frame and we need to have that frame.

I mentioned this, I was sitting on a session this morning and there were four countries represented on the panel of which Trinidad and Tobago was one, and each one of the other countries had a national energy policy to the point where everyone was willing to email me a copy of theirs, and I was embarrassed because we do not have one. And this is not necessarily the blame of any current administration or past administration, the fact is, we do not have one.

And when countries smaller than us who have real energy issues can tell me, today, that they have a climate change mitigation strategy to mitigate the negative effects of climate change on their country—I suppose we have one somewhere but it is not integrated into any kind of overall framework policy and this is what we need in this country. But for the issues that I am addressing here, an advisory council—whatever you want to call it—that is going to look to understand the stock of inventory of capital assets, what needs to be repaired, what is it, what has been spent, what can be used, what cannot be used and then make plans for what it is we need.

Madam President, I have a standing position. I tend to switch my ears off when someone tells me “blur, blur, blur” about anything or anybody. I normally say I looked at this and it is a blank page. I give you that, I give everybody that; it is up to you to dirty the page. I tried my best to tune out what I have heard and work with what I am experiencing, so that I tend not to prejudge. So that in that situation, Madam President, when the Minister of Finance says he needs to have this increased limit also to provide cover, there is no way I cannot support that. I think that where I am, I understand what it takes.

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You see, the problem for me is that I have spent a lot of time administratively in the process to understand what it takes to run a Ministry and the various pressures and demands that fall upon a Minister and a Government. I have a lot of experience in that area. So that for me, three months into office, and you are coming to ask for huge increases in the spending limit, it suggests to me that there are some series of issues that need addressing urgently for which you need the flexibility and I am working with that.

But again, I think that this situation presents an opportunity for the other players in the sectors of the economy to step up and support the Government rather than simply waiting to feed off the Government's trough. We need to try to—as I would say in my, perhaps, unparliamentary language, I would ask a lot of these organizations to remove their lips from the teat of the public purse; t-e-a-t. Please remove your lips from the teat of the public purse and develop something sustainable on your own. Do not depend on the Government to always hand it out to you or you cannot start it without the Government. Otherwise, I can ask the question: are we really serious about economic diversification driven by innovation? Where is it to come from? Who is stepping up?

Madam President, I suggest that because one of the most pressing needs in this country is housing. And where are the low-cost housing developers? What is the rocket science in two, three, four developers, organizing a meeting between themselves and TTMF and HDC and saying, “Listen, here is what we are doing, we want to work with you to develop the housing for you”? We want to make sure—you give us a list of pre-qualified persons or applicants for houses and then we work with a local bank and you may get everybody pre-approved. We use that pre-approval to back financing to build the houses. And that is what we should be doing, rather than sitting and waiting for the Government to start to build houses and say, “Here, I am a contractor, ah ha two tractors” and then overruns and everything. No, they should be coming now—and this does not require rocket science but they need to be proactive.

We have coddled and always complain and when the Government is cutting back spending, “Oh, the Government is cutting back spending and if the Government cuts back spending, they are going to kill the economy”. Well, no, why can you not be proactive? Have a discussion with the HDC, have a discussion with TTMF; get a list of pre-qualified people, say, “Listen, we have 500 persons, we can build 500 units in the range of x dollars”, and then have them sign pre-approved from—no money, but have the bank understand that once the units are built, these people will be taking the mortgages and use that to back your financing.

Now, this it is not hard economics or hard finance, Minister of Finance, it probably needs some cleaning up, I am not an economist. But these types of public/private partnerships are happening all over the world and we have a housing crisis. Middle-income housing that is affordable for most persons does not exist. So it is a real struggle and it is an opportunity for businessmen to step up and say, "Government, we recognize you have a funding situation, you have an issue with housing, let us see how we can work with you to relieve some of the pressure on the Government but at the same time, relieve some of the pressure on citizens who need affordable housing".

So, Madam President, fiscal prudence should be the order of the day. Government has the ability to really help us to understand what it is they want to do. I fully expect and I would call on the Minister of Finance to be as forthcoming as possible at the upcoming mid-year review with what the Government's plans are for the spending. I think that by the mid-year review, the Government should have some ability to be able to come and say, "Okay, we asked for the increase in spending, we needed a few weeks or couple of months to sort ourselves out", because I am being fair here. I have been a civil servant for 23 years, it takes a Government six months to a year to come up to speed. That is how long it takes; that is the reality. Anyone wanting to doubt that has not been in Government. It takes time.

But the reality is that around the world, countries—oil-producing countries, the Governments have struggled and are having issues with managing their budgets. For instance, Angola has cut their 2015 budget by 53 per cent; Ecuador, based its national budget on \$35 a barrel for 2016 after having had to make US \$2.2 billion in cuts to their fiscal 2015 budget; Venezuela's budget, for the 2016 fiscal year, is based on \$40 a barrel. And here is what with Venezuela, Venezuela relies on crude sales for 96 per cent of its foreign exchange; 96 per cent and more than half of its GDP.

8.30 p.m.

According to the statistics I have, the Government of Venezuela loses US \$700 million for every dollar reduction in the price of oil. So they are really struggling. Nigeria gets almost all of its imports from petroleum, they used \$53 in their budgeting cycle which was in May, they are having a—they expect a new budget by the end of this year, because \$53 is not realizable. Russia gets more than half of its budget from oil and gas. For every \$10 drop in the per barrel price of oil, Russia losses \$14 billion a year in revenue.

These things are serious and I am sharing this because countries around the world are struggling. You set a price and then halfway through the year, you have to change. One particular topical example, Madam President, is Brazil. Brazil has been very good at being able to still sustain a surplus. Brazil's economy has shrunk by 2 per cent this year. They have had to adjust their fiscal 2015 budget three times this year, three times, and the last adjustment was \$17 billion in September. And as of about three weeks ago, their plan for a minimal fiscal surplus they had to give up. They have had to adjust it downwards again, because prices keep going—and I suspect now that price is starting to go down to the 30s, there may be an even deeper adjustment. I suppose for Brazil, the particular issue there, there is an issue with Petrobras and some big issues with how money was flowing through Petrobras and, of course, the Olympics next year. But it is an example of a country that has large reserves, has robust gas supplies, and is having struggles managing.

So Trinidad and Tobago, we are in a place, we are seeing what is happening there, and all I am saying is, we need to understand what is happening in other places and be prepared that if it comes to that, we have to adjust. I mean, the things that—I am a significant listener of—the things people have had to cut: housing subsidies, they had to cut social programmes. I hope it does not come to that for Trinidad and Tobago, but this is what is happening in other places.

Some other places are more fortunate. My favourite place Qatar has over \$800 billion in a sovereign wealth fund. So they are fine. Saudi Arabia has \$750 billion in a sovereign wealth fund. Their fiscal budget for this year is \$37 billion. Thirty-seven billion is a blip out of \$750 billion. So they are fine, but it does not mean that—\$37 billion still hurts. It still hurts. So that when you think a country's deficit is \$37 billion—is real money Mr. Minister of Finance; real money, US dollars. These things are serious.

I am sharing that for us to understand that I am the eternal optimist in this room. I believe that—I looked at Daniel Yergin, one of the most respected forecasters in the business, or who understands this business. Last week Friday he did an interview on—was it, I think CNBC? Yeah, Daniel Yergin he was at the GCF Headquarters in Doha a few weeks ago. I got a feed, but let me leave that alone. I have my little peeps—but in his outlook, here is what he said. The short version is that: he believes that oil prices where they are now, the oversupply in the market is going to constrain the extent to which prices are going to up.

When you match that against the reduction in expenditure on exploration by the companies, he said: there is a level of excess in the system that it needs two to three years for that to work its way out of the system. That is his estimate. It is

going to take, he said probably price may operate in the current band up to about \$60 for the next two to three years, until we work off the excess in the system, because remember, oil consumption globally is still growing. All that is happening now is that companies that are producing have started to cut back on further expenditure to increase production.

So that while and, of course, well, we have Iran coming on, but until the extra in the system is worked out in two or three years, we may not be in a place to expect prices higher than about \$60. This is Daniel Yergin as of last week Friday. It is a projection. It does not probably mean anything, but I like to understand at least, I try to keep current with what the experts in the business are saying, and I can always drop him a line.

So, Madam President, in the absence of hard country data, I have to trust the actual state of the country's borrowing capacity is at, or is very close to the limit. As such, it would be foolhardy for the sitting administration to not seek to provide itself with some breathing space.

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

Sen. D. Small: Thank you, Madam President. As a Government, the increased ceiling provides for options and flexibility in the event that revenue forecast tanks, or some sort of other disastrous event occurs. I do not think anyone in the room wants something untoward to happen, and then the Government is limited in its option to be able to try to fix it.

It is impractical and foolhardy for the Government to attempt to run the country for any significant period, without having some sort of emergency cover. And I am sure no member wishes to see Government's hands tied at its attempts to navigate this very difficult economic period. All that is being asked, Madam President, is for the Government to make prudent choices when accessing these funds. I think that is the message that has come across. We need to see the Government making prudent choices.

But, Madam President, as I wrap up, we need to see a new kind of fiscal governance. It is probably even unfair, depending on where you sit, to ask a Government to do that in the face of where we are, but we need to have proper fiscal governance to manage the country's debt load, structured investments, still, we need investments, but the investments have to be targeted and structured in skills training, technology and in key infrastructure developments.

We need to strike a balance as mentioned earlier, between spending and saving for the future. Most importantly, there needs to be accountability for the moneys spent. We cannot continue this process of money disappearing into a black hole. I think Minister Khan outlined moneys just going into places and then nobody

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knows what happened to it; that has to stop. We cannot be putting billions or hundreds of millions into enterprises, and then you cannot see what is the result. That has to change or has to begin to change. Yeah?

Just for the record, Mr. Minister of Finance, I cannot—it would be remiss of me, just for the record, the last *Economic Bulletin* by the Central Bank shows that there is a lot of money, but it is sitting in the Central Bank, the Central Bank and the commercial banks. The last report that I have was for, I think, August 2014 or whatever it was. Banks in this country charge service fees, in that year; \$1.07 billion in service fees. I mean, I have no problem if somebody is running a business and trying to be profitable, but that is daylight robbery. It is day—\$1 billion dollars in fees? I mean, come on, in one year? I mean Minister, we—

I had a talk with the wonderful MP from the UK, and he said there is the bank regulator. The banking regulator in the UK tells the banks, based on what your financial structure, how much profit you can make per year. You just cannot make willy-nilly numbers, because they know the proclivity of banks to exploit the citizens of a country. The banks in Trinidad and Tobago—I do not know who is the banking regulator here. Is it the inspector of banks? Whoever it is, is not doing the job. Or they need help, but it cannot be, you cannot be making \$1 billion? That works out to \$455 each person in this country, \$455 a year? Nah, come on?

Something is wrong with that. That is wrong, especially when you look at the fact that these banks are sitting on—let me be correct—just about \$90 billion in deposits, and then here is the most important thing, Madam President, before I wrap up. When you go to the banks, there is the spread between deposit and interest rates; deposit rates, yeah? It is criminal. Zero—ordinary savings, the average percentage rate is zero, one-fifth of 1 per cent. Deposit rates? Yes, I am wrapping up, and the average lending rate for an instalment loan is 7½ per cent; 7.3 per cent spread for sitting down and doing nothing. When you compare what is happening in other places, this is organized crime. It is—forgive me, Madam President, I am running overtime. I want to thank everyone for being patient with me. I always try to have to hit the banks because somebody needs to look at it, and I am asking, all they need is somebody to tell them, whoa! That cannot work. Thank you, Madam President. [*Desk thumping*]

Sen. Rodger Samuel: [*Desk thumping*] Madam President, I want to thank you for—and I grasp the opportunity to be part of this debate today. I want to begin by reading a little excerpt from the Minister of Finance's budget presentation. This is on page 5 where he says:

“Madam Speaker, my pre-Budget consultations allowed me to establish the underlying principles of programmes and policies for restoring confidence and for rebuilding the economy of Trinidad and Tobago - an exercise which will require collective effort by every citizen. This will involve not only the full engagement by the Government but also those on the other side. I now wish to make a clarion call to all to rally around our programmes and policies and our Budget theme reflects this vision:”

And he went on to talk about what the theme of the budget was, but yet, Madam President, it is kind of strange and contradictory, that in one breath people are asking for those on the other side to rally around programmes and policies, and in another breath every time somebody gets up to speak, there is some remark, some negative remark: “We doh listen to dem. We doh want to hear dem.” It is a sad state to be in at this point in time, when the country needs the support and the movement of every individual.

Not only so, Madam President, but what is being presented over and over, in regard to the criticisms of the past regime, and it is more like a chorus group at this point in time. What we fail to do is to tell the nation that for several years, Governments have had deficits, and even Governments who return to office had deficits for themselves. As a matter of fact, what you found was that one party was in Government, and they won again, and they inherited a deficit. It says to us that that is nothing that was strange, and if you inherit deficit for yourself, then what is different from inheriting deficit from some other regime.

It is so strange because it appears as if we are saying that it does not happen to us. And we are saying it never happened to us. We are saying that even when we were in power and I am talking about how it is coming across, when we were in power, that we did not have a deficit, and we did not inherit our own deficit as time went on. We are saying that to make the nation believe that this seems to be the first time there is a deficit, that this seems to be the first time there is some kind of inheritance of some bill, some expenditure, something to be inherited. And little is said about the many times governments have inherited expenditure.

So it is nothing new. It is nothing strange, but we come across as if this is a strange one. Nothing is being said that in 2010 and in years before that, Governments inherited stuff; \$72 billion in 2010. Not, you know—that is something wrong. Something is wrong about what is inherited over the many, many years, Madam President, but deficits have been always there. Sen. Hadeed clearly defined and reiterated over the years from 2002 right down to 2010, what happened in that period, and how the country had to make tremendous

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adjustments, for what occurred during those periods and most of that time, you know, there was a change in Governments from 2002 over and over and over, Madam President.

8.45 p.m.

As a matter of fact, I remember sitting in the other House and when budgets were presented you would always hear the criticisms then that people did not know what they were doing. As a matter of fact, very, very early, you know, and Sen. Small talks about, you need to give people six months to come up with ideas, and whatever, but very, very early it was, you know, it was being reiterated, you know—you all have no plan, you all have no this, you all have no that, and we could say the same thing. We could say that there is no plan. We could say that there is no vision. We could say that there are no ideas. As a matter of fact, the Leader of Government Business in the House keeps reiterating the PNM manifesto as their Government policy, and I have read that thing over and over, and over, and over, and over, and still cannot understand what is their vision, what is their plan, what are the strategies, what is the direction.

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

It is a lot of vague, vague statements pulled together, and yet they say that this thing was planned for many, many years, and I find it strange that something that they say they planned for many, many years could be so vague in its presentation, and probably they need to revisit that and put some meat to it and some substance to it, and ensure that the average person who reads it can understand directly what value system they are putting to this manifesto. I have read it, okay, and it is vague. It is vague. It is vague. [*Interruption*] No, I can defend that too. Mr. Vice-President, I listened intently to Minister Khan, and Minister Khan had to kind of take the shame off of the Minister of Finance's face because Minister Khan had to now try to give us an idea as to some of the projects that they are going to spend this money that they are borrowing on, when the Minister of Finance, you know, could not have done that, and he did not do that in his presentation. Sad to say that, you know, when the question was asked of the Minister of Finance by Sen. Wade Mark about the visit of the IMF to Trinidad and Tobago, the Minister of Finance clearly said that it was a private situation, and then when cornered by Sen. Mark that how could something that is so private end up in a national budget statement, the Minister then jumped up in a kind of jovial kind of way and said what he said. But it is strange because, Mr. Vice-President, in the budget presentation, on page 8, the Minister of Finance says:

We have also benefited from the findings of an IMF team who came at our request just after elections.

And I am asking the question, the “our request”, is it private request or is it the request of the Government of Trinidad and Tobago?—the then Government of Trinidad and Tobago.

Those are the questions because at one point in time this was a private situation, but in the budget presentation he says that our request to the national public. So, I am very, very concerned about that, and I know he will be jovial about this but he will answer it any way. But at the end of the day, Mr. Vice-President, the discussions that took place, we will await the report, and to see if the report that came out of that, or the minutes of that discussion tally with what the Minister of Finance actually said was the result of the discussion.

Mr. Vice-President, I paid close attention with regard to the substance of the contribution made and I was eager, and eagerly awaiting to understand if there was any comprehensive plan for the expenditure, and Minister Khan kind of juggled with some things that he tried to pull out of the hat like a magician to try to tell us this is how we will spend it. But what I have not heard and there are questions to be answered, I have not heard from the Minister of Finance what is the strategy for the economy. I have not heard that. What is the real strategy for it? And he may ignore me on this side, but as a citizen I am asking him also. So I am asking him twofold, not only from this side, I would like to know from him as a citizen, what is your strategy for the development of the economy? What is the plan of action within that strategy?

I will like to find out that plan of action. What projects will they undertake effectively to build a sustainable economy? Those are the questions that must be answered—[*Interruption*] I am being disturbed, Mr. Vice-President, and I would like some respect, please—so I could sit down and ask to get some respect.

Hon. Imbert: Nobody is talking.

Sen. R. Samuel: “Look yuh still talking.”

Mr. Vice-President: Okay, can we have a little bit of silence so that Sen. Samuel can continue. Sen. Samuel.

Sen. R. Samuel: Thank you, Mr. Vice-President. Mr. Vice-President, if these questions are not clearly answered then the idea of effective management, the idea of developing an economy, the idea of more job creations and higher productivity, the idea of more wealth in the nation, the idea of a better livelihood for citizens becomes a dream but may never become a reality, because there is no strategic plan.

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As a matter of fact, the nation cannot sit and understand the systematic approach, the direction, what we want to achieve, how we intend to achieve it, where we intend to pull things together, and those are the questions that have to be answered. Mr. Vice-President, you know, we keep talking about nothing being done and nothing being done, but then we hear about the continuation of projects that were started. It is kind of strange to hear, nothing was done, nothing was done, nothing was done in five years, but we are continuing this project, we are continuing that project; well if nothing was ever done then what is there to continue? Then you should have been starting it all, or starting something and starting something, but all I hear we are continuing this project, continue the highway, and continuing with the hospitals, and continuing with that, but in one breath nothing was done. And that is kind of strange that, you know, the chorus keeps saying, absolutely nothing was done, show me what was done, but then you are continuing with the highway, then you are continuing something, but if you are continuing something then something was started.

It means that it is a kind of charade, a kind of joke that, you know, if we say it long enough people might just believe us. Well, nobody is believing that. Nobody is believing that. As matter of fact, Mr. Vice-President, at the end of the day people can travel around Trinidad and Tobago and recognize that quite a bit has been done, and nothing can take that away. So the more you say it, you could say it how long you want, people just have to travel through Trinidad and Tobago and recognize that that was just a lot of old talk, that was just a set of nonsense, and, really, the truth and the fact is that they have no ideas and they just have to continue the projects that were started by the last regime.

As a matter of fact, Mr. Vice-President, I remember years ago—I mean, Minister Khan, hon. Franklin Khan, talked about the road to Toco; that was something that was presented many, many years ago and the people protested, and the talk about that came up many, many years ago. I remember sitting down listening to that many, many years ago because I am from up that side of the country. But, you know something, it is coming back again, so it is just a recycling of ideas, a recycling of old thoughts, a recycling of the old decisions that were made that failed in the past that are coming back up again. So, it is just a recycling of things that keep happening over and over and over, and there is nothing new to stimulate the economy of the Trinidad and Tobago. So it failed then and it is going to fail again. It failed then so it is coming back up again. It did not happen then so it is coming back up again. So it is a recycling of thoughts and no new thoughts have happened, because it is the same minds, the same people, the same ideologies, the same philosophies; it is the same thing over and over, Mr. Vice-President, and that is what is dangerous in this country.

Mr. Vice-President, I have heard how much they want to borrow but I have not heard how we are going to pay for it, because if we really are going to borrow money—and that is their right—then we need to understand what is the process, how are we going to pay for it, what are the mechanisms that are going to be put in place for the revenue-earning aspect of our economy to make sure that we have what it takes to pay for this \$50 billion. Over what period of time is negotiated, that is not the issue, but we have to pay for it. At the end of the day, whether it is now, whether it is the next 10 years or 15 years, or whatever, we have to pay for it, and at the end of the day when we have to pay for it we need to find out how we plan to pay for it. There is nothing like that. There is no comprehensive idea so that the average citizen could understand—this is what we want to do; this is how we want to do it; this is how we are going to pay for it—whatever. There is nothing like that. You know, Mr. Vice-President, and that is a sad reality.

So, in other words, “lablash”, we want \$50 billion, take that or leave it, and, as a matter of fact, we have the majority in the House so we are going to get it anyway. That is the attitude we get in this House. We will get it. We will get it anyway, we are the Government, you know, we are in charge now. But I remember hearing a campaign that said, we are red and we are ready—we are ready to take over, we are ready to have the economy right, we are ready to do it, we have the plans, we have everything in place, we are red and we are ready. It does not appear to be ready, Mr. Vice-President, and it is important for us to understand that. So it is one thing to talk about how people mismanage and criticize everybody; it is another thing to come up with a comprehensive plan to show the citizens that we have a plan, we do not have to worry about, we know where we are going, and the citizen is unable to understand that at this point in time. As a matter of fact, we have not heard anything.

As I said, they have a right to borrow. They have a right to do a lot of stuff, but what the citizens of this nation need to understand is what you are going to do, how you are going to do it, and how you are going to pay for it. It is important for us to see that, as citizens of Trinidad and Tobago, how are we going to pay for what we are borrowing, and it is important to do that. What is the debt management and debt repayment strategy? What is it? Easy questions, if you have a plan, and I have not heard that. How are we going to deal with revenue and expenditure with the deficit? How are we going to deal with that? Mr. Vice-President, the budget says nothing about that; plus, presently, with the Minister of Finance in coming here and looking for extra funds, and looking to borrow and raising the bar, it has not provided us with any kind of information that says, comprehensively and with transparency, this is how it is going to be approached, and I am asking him to do that. I am really asking him to do that.

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There is an old saying, “Before you criticize a man, walk a mile in his shoes. In that way when you criticize him you would be a mile away and you will have his shoes.” That is an old saying, and I say that because criticisms upon criticisms upon criticisms have come, but no plan, no strategy, no approach, no direction, no comprehensive direction given to us, not only on this side, but as citizens, in the budget, and this particular thing, some two months or three months after, and we are left nowhere, just to understand we want to borrow this money and we are coming to get money.

When, Mr. Vice-President, we took office in 2010 there were quite a number of issues: Clico, Hindu Credit Union, the public service wages negotiations, the Alutrint situation, the rapid rail situation, I am hearing now about another study. There was a \$500-million study, now there is another study to see if it is possible, and if it suits us. I thought the first study should have done given us a kind of idea, but there is another one being done, Mr. Vice-President, kind of strange, you understand.

9.00 p.m.

The issues of balances in 2008, 2009 and 2010 seem to be an issue over the years. But at the end of the day, this nation needs to know clearly what these funds will actually be used for, not something thrown out by the Leader of Government Business, “Well, we are going to use it for this; we might use it for this; we should use it for this”, but comprehensively what it is going to be used for. Not only that, but the major thing the nation wants to find out is whether there is a recession or there is no recession, whether the Minister of Finance collaborates with the Governor of the Central Bank, whether they agree there is a recession or not, that is not my issue. My issue is to figure out in the midst of this, whether it is or not, how do we plan to pay for it?

If the last budget is not the real budget, and this is just something to give us a little leeway, some little flexibility, then when is the real budget coming? So when the real budget is coming—probably it is going to come in March, and maybe when it comes in March then we will probably understand the magnitude of the situation that we are in. You know something, at the end of the day, they will have to account. At the end of the day, they are going to be watched. At the end of the day, Mr. Vice-President, they will have to say to the people what we plan to do with it and how we plan to repay it. At the end of the day, it is the citizens of this country that will find themselves in dire straits. The budget has already put people in dire straits. There is an increase in taxi fares; there is an increase in quite a number of things. There are people who are now on the breadline. I understand that there are state enterprises that intend to send home by the thousands.

Hon. Imbert: What about the hundreds of thousands?

Sen. R. Samuel: Yes, by the thousands. I understand that. We wait to see.

Hon. Imbert: By the millions.

Sen. R. Samuel: Because at the end of the day, the citizens of this nation will pay the price for the raise in everything: the raise in gasoline, the raise in taxi fares, the raise in food prices, the raise in everything, and a lot of people will end up on the breadline—a lot of people. Then we are now saying let us give them a little more freedom to borrow, without having a comprehensive plan as to what it is going to be used for and how we intend to pay for it.

It is their right, but we sit on this side and our purpose is to watch; our purpose is to examine; our purpose is to share our own views. The hon. Minister Khan, in his own spirit of camaraderie says we need to dialogue, and that is important, to dialogue. He has to be speaking to everybody in the House, because people who are speaking now do not belong to this House. They are visitors to this House; they do not belong to it.

Hon. Imbert: Read the Standing Orders; I am a Member.

Sen. R. Samuel: Are you going to silence him?

Mr. Vice-President: Hon. Members, again as Sen. Samuel is making his contribution, and he has actually 15 to 17 more minutes, let him continue. So please maintain silence while he continues.

Sen. R. Samuel: Thank you, Mr. Vice-President, for protection from people who are supposed to exemplars to this nation, who hold high office in this nation. Thank you.

But, Mr. Vice-President, the questions I have asked are necessary, not only for my own understanding, but there are quite a number of people that would ask the same questions, and have been asking the same questions. The Minister of Finance could choose to answer or choose not to answer, but at the end of the day the nation will answer.

I want to thank you graciously, Mr. Vice-President. [*Crosstalk*]

Mr. Vice-President: Thank you, Sen. Samuel for your contribution.

Sen. Dr. Dhanayshar Mahabir: Thank you very much, Mr. Vice-President, for allowing me to speak on this debate this evening. The issue before us, Sir, is a critical one. It has really involved every single Member on the Independent Bench today giving their views.

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Mr. Vice-President, the problem before us is a significant one, and it is one which has to be addressed with a certain measure of equanimity. One understands the need for a Parliament, for a Senate, to provide to a government extra resources in times of a serious cash flow problem.

We saw recently the problem in the United States with the fiscal cliff where there was a threatened closure of many government offices because the Parliament there could not agree on an extension of the borrowing limits of the United States Government. No one wants that situation in Trinidad and Tobago, and so I think everyone on our Bench will support the view that in order to facilitate the operations of the Government of Trinidad and Tobago, there is a need to provide an expansion, because of the fact that we have at this time almost exhausted our limits to borrowing, and that this expansion is necessary so that the Ministry of Health can operate, the Ministry of National Security, the Ministry of Education, all of our social services, including the various types of subsidies we provide to the people.

Secondly, it is important for us to understand that there is a need for the honouring of the contracts that the Government has engaged in. The Government continues, regardless of who occupies the office, which political party occupies the office, the Government continues. The debt is the debt of the Government. We need to fulfil all of our contractual obligations, and I think few will take issue with the fact that there is a need to ensure that Trinidad and Tobago can maintain its credit worthiness with not only external agencies, but with all contractors who do business with the State, because if we fail to honour our contractual obligations then it may very well be that the Government itself will not find itself in a favourable position with the business community, domestic and international, with respect to discharging its various services.

The problem is simply this—[*Interruption*] and yes we do not wish to default at all; no, we do not wish to default, nor do we wish to renege on any of our obligations. The experience of our Caricom neighbour Guyana is a telling experience where that particular country reneged on debt, but on more to come. So we do not wish to renege on any of our obligations. It is for this reason that we need to be judicious when we enter into contractual obligations. We do not want to renege, so let us be very careful.

Let us, therefore, probe a little deeper into the issue before us. The facts before us is that there is some concern with respect to whether Trinidad and Tobago is in a recession. That is a non-issue. I know Sen. Small refers to me as an academic. I am no longer active in the academic world, but it is said that academics never retire, they simply lose their faculties. Let us hope it does not happen to me. [*Laughter*] However, I always am inclined to that background.

Recessions are not a phenomenon associated with economies such as ours. It is an internally propelled problem which affects the industrialized economies, and they arise largely from volatilities in investment spending, inventory behaviour and in behaviour of the investment community there, which is subject to uncertainty and vagaries of investments. So that there is what is known as the “business cycle”, which we do not experience here.

What we are experiencing in our realm is something else. Let us see what it is and let us not get too confused with words. The reality before us, Mr. Vice-President, is that in 2009 the rate of growth of the Trinidad and Tobago economy was minus 3 per cent; that is a negative rate of growth. That is, the economy actually declined; actual real income declined. In 2010, the rate of growth was zero. These figures all come from the official statistics of the IMF and the World Bank. In 2011, the rate of growth moved from zero to minus 1.3 per cent; 2012, 0.4 per cent growth; 2013, 1.6 per cent growth; 2014, 1.9 per cent, and in 2015, whether we are going to experience negative growth or zero growth is something still to be debated, because we are not yet finished with 2015. But let us for safety purposes say that in 2015 the rate of growth is zero per cent, we are stagnating.

What has happened here is this, since 2009, this economy has experienced plus growth of 3.9 per cent, and a minus growth of 4.3 per cent, and it has had a 3.9-plus growth. So we have had more years, basically, from 2009 to 2015, a net of 2.6 per cent growth over all of these years, giving us an average of a half per cent growth since 2009.

What we have here is a classic case of a stagnating economy. It is not recession, it is not depression; we have had a stagnating economy. At the same time, we have had inflation price rises. This is a stagflation we are experiencing. We have a stagflationary experience. It means that we are stuck in a rut. We are not rising. We have had basically a 2.6 growth over this nine-year period; 2.6 per cent alone, half per cent a year.

What this means is this: we are basically today in 2015 at a level of income that we had in 2008. We have gone nowhere; we have lost eight years. We have lost eight years. There is nothing happening in the economy.

9.15 p.m.

At the same time, Mr. Vice-President, what did we observe? What did we observe? We observed the following: deficits after deficits after deficits from 2009 to 2015 or on average of about \$4 billion per annum over this particular period of time. The Minister indicated that he has counted some \$27 billion in

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deficits and that would have added to our debt stock. What did we get in exchange? We got basically zero growth. And I want to really relate that to a point that Sen. Creese had indicated in his contribution. We are trying to revive this economy via spending deficits—our spending deficits—and in this process we have been accumulating a debt. The debt has grown and the debt growth has not resulted in economic growth. Sen. Shrikissoo has emphasized this point. What is happening now that is going to cause extra financing to generate the growth? This is where there is a missing area of information.

Over the last eight years we have run the deficit, deficit, deficit, deficit. We were supposed, Mr. Vice-President, to balance in 2016. There was supposed to be an increase in real economic growth from then to now, 2009 to 2016. By 2016, we were supposed to say that we are out of difficulty, only to hear that well we need a little bit more time to ensure that we could balance our budget and get out. What we have seen is that the experience has indicated that simply spending and spending has not generated for us that which we want, which is economic growth. We need economic growth. We need to grow this economy. The purpose of increasing a public debt is a simple one. There are no strange issues here. When we borrow, borrowing must be repaid: that is in the nature in the contractual arrangements. We need to repay our debt. And when we are called upon to repay our debt, from where will the revenue emerge to repay this debt? It will have to arise from an economy that is now larger. So that the economy is small in size at this time and the small economy, given the extra borrowing and given the extra expansion in productive capacity of the economy, the real economy will grow subsequently. And out of that larger economy you will be able to service your debt and still have tons left over to finance all the general purposes of an economy.

Debt expansion without a nexus to economic growth is the recipe for economy disaster. This happened in 1983 to 1993, that 10-year period, in which—let us remember how the economy performed. It declined for a number of years before it finally was able to revive in the early 1990s. What caused the decline in the economy? The decline in the economy was a simple one. We will have to come to the next Motion, but the problem in the 80s was simply this: the Government was heavily indebted—foreign. We had foreign debt and given the collapse of oil prices, as we are seeing now, and given the very sharp increase in interest rates—now this is another issue we have to be looking at.

The sharp increase in interest rates which occurred in the North Atlantic as they tried to control their own inflation and all of our debts were floating rate debts, we were hit by two shocks over which we had no control. One, the sharp

interest rates on our foreign debt stock and the collapse of our oil prices. We had no gas then. And given these two demands on our scarce foreign reserves, we had to devalue, we had to cut back our spending and the quality of live deteriorated from 1982 to 1992 precipitously.

We have to be very careful as we contract debt, if we are going to ensure that we protect the people that we want to protect. Who do we want to protect? We want to protect the current citizens of our Republic. We want to ensure that the current citizens are well endowed with government resources, but at the same time we want to make sure we do not burden the next generation with a debt that we have incurred which did not generate benefits for them. You see if it generates benefits for them, it is fine. They have a larger economy to work with. But if we contract debts and the economy remains small, what is the outcome, Mr. Vice-President? The outcome is this: more and more of our scarce tax revenues—because there will come a time when we cannot borrow anymore to pay off old borrowings. We will have to get to the day of reckoning when more and more of our revenues will have to then be allocated to debt servicing. What does that mean? It means that there will be less revenue for milk, medicines and machines. We need to proceed carefully.

On that score we have in this country at this time a worrying phenomenon. This is the fact that the Minister of Finance hopes to collect some \$40 billion in revenue and he intends to spend some \$60 billion for this fiscal year. His revenue collection is \$40 billion. His expenditure is some \$60 billion. There is a gap of a half—50 per cent of his revenue. And I am on board with the Minister. I understand his position. I share his hopes. I hope that he will be able to fill the gap via the various mechanisms he identified in the budget. We want it. I really share that with him. However, the practical, the reality is this: the measures that the Minister has indicated, the increase in VAT and the increase in collections—you know something, we have been talking about the increase in collections for as long as we have been talking about an increase in diversification, and these measures are hopes. The reform of the Revenue Authority, the merging of Customs and BIR, all of these things have been on the books, but you see the overall outcome is simply this. While I want the Minister to succeed, everybody on the Bench wants the Minister to get this right. We want him to raise more revenue, but we are not optimistic that it will happen in the short term or even in the medium term.

We need a medium-term policy framework. In fact, when you are under an IMF adjustment programme, you do have a medium-term policy framework on how you are going to adjust to a particular reality. My one position is, we cannot

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continue in this way having a revenue stream of \$40 billion and an expenditure profile of some \$60 billion. There has to be some movement on both sides. That is the practical reality. I have been in this business a long time and have seen all the economies in the Caribbean and I am telling you, it is going to take a while for this 40/60 gap to balance. And if we hope for it to balance in the short period we will be disappointed. If we put into place certain measures over a medium term, there is a greater likelihood of success.

On this score, we need to get—and I would love to support the Motion. I would love to support the Motion for the first two reasons mentioned. First reason, we need to fulfil our contractual obligations. Second reason, we do need to ensure that the Minister has room to manoeuvre. No government should operate with such a very tight financial situation. It is not comforting to the citizen and it is not good for the Government. We need to give the Government a latitude in order to really navigate its way over the next two years. We need to pay—however, when we are asking for the quantum increases, we need to find out for what purpose is this increase going to be used for.

And, Mr. Vice-President, again, like the old academic in me is coming out—this issue was raised before. Well, all the economists seemed to have left the Chamber, but I refer them to the classic 1972 piece Joan Robinson, *The Second Crisis of Economic Theory*, Richard T Ely lecture, *The American Economic Review* 1972, classic piece, where her position was simple. The first crisis in economic theory was simply to find out what caused the slumps, the business booms, and the business collapse which generated so much mass unemployment.

The second crisis that you saw in 1972 is, having decided that we could engage in deficit financing, we did not work out, as societies, what the moneys should be spent on. This was an issue, because if we do not determine what the deficit moneys are to be spent on, then we are going to saddle our societies with debt that they cannot service. And so it is highly, highly critical, it is important, the issue has been raised across the aisles, we need to know for what is the Minister going to spend the moneys on?

And, Mr. Vice-President, the problem before us is, again, a lack of information. The manifesto is a plan—I hope it will be sent to me. I want to read it. But we need to get the assurance that the funds, the extra funds over and apart from payment to contractors—of which I have something to say. And second, the funds in excess of what he reasonably needs to run the country over the next four quarters, what is he going to spend it on? Is it going to be on financing deficits over the next five years, when deficit financing has not worked over the previous

five years? Minister Franklin Khan indicated that some will be used to finance deficits. That is his position. Then some will be used to finance projects. My colleague Sen. Small indicated—well if it is going to be used to finance projects, we need to know what they are, and we need to ensure that there is no massive haemorrhaging and wasting of funds as the projects are financed. Because the flexibility for waste is now zero. We are in a crisis. Let us see what has happened. What has happened is this. This country has had a few planks of economic activities as we tried to restructure post-independence. One, industrialization as we expanded our manufacturing sector during the 1960s; Aid to Pioneer Industries Ordinance in the early 50s, Arthur Lewis model.

The second is that we went into heavy industry in Point Lisas. That caused some problems of which I will have something to say.

And the third is natural gas. We have had three planks of industrialization in Trinidad and despite that we are seeing now that we are still not exempt from vulnerabilities. We are seeing that we thought that LNG was going to be the panacea. Well it seems to go the same route as methanol and urea, the prices all move in one direction. It seems together the manufacturing sector has stagnated and so we have found ourselves in a situation in 2015 where we did not pay much respect to the Heritage and Stabilisation Fund. Sen. Small indicated the heritage fund of Saudi Arabia, the heritage fund of Qatar, there is the heritage fund of Norway, the heritage fund of Alberta. We did not go that route.

9.30 p.m.

We decided that it was not the feasible thing to do, so we are in a crisis now. Which way do we go from here? Do we finance more or do we now really adjust, as Sen. Shrikissoon has indicated? This is the challenge before us. This is why this particular debate is so critical. What is the road we are going to take? Is it that we are going to finance for another five years and run a huge debt with absolutely no plan on how we are going to service it? Or, is it that we are going to say, we have tried that model, it has not worked, it is time to adjust? This is where the debate is at this time, financing or adjusting?

Mr. Vice-President, in order to make that decision we need information. I am hesitant and reluctant to make a decision as critical as that without the necessary information. I need the hard data. It cannot be on trust. The public interest is at stake, the interest of the current generation and the interest of the future generation are also at stake. I have seen what has happened when we finance, and we really take too much of a great risk. Point Lisas: the problem with Point Lisas

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was not the idea. It was never the idea. The problem with Point Lisas was, should we borrow so heavily internationally, run a huge foreign debt to finance these activities, the prices of which were uncertain.

That was the problem, and we took a gamble and we failed, and it affected us negatively for a good decade. It was only in 1995 that we were able to really settle our outstanding debt at that time. And everyone in the economy was adversely affected, and I do not wish to be party to something that is going to put the people in that kind of danger again. We have learned from bitter experience, I lived through it, because those were the days when you could not get foreign exchange for apples for Christmas, or for grapes, or even for butter for fruit cake. That is a fact, you know. That is the '80s—'90s.

Sen. Roach: That was not a bad thing.

Sen. Dr. D. Mahabir: Yeah. Well, we could not get foreign exchange for a number of other things too, but a little apple for Christmas seems to be, I think, something that somebody should have.

Let us ask ourselves, what kind of information we need that the Minister did not provide? What would I have liked to see? I would have like to see the Minister indicate quite clearly, currently, as in 2015 estimated, what percentage of his revenue—that \$40 billion—was going to be allocated to debt servicing? Is it 10 per cent, \$4 billion? Is it 15 per cent? What percentage would he feel comfortable with? And that is an important bit of data. Because, you see, Mr. Vice-President, in 1964, 50 years ago, when I read the parent Act, the legislators at the time understood that we needed funds for development purposes. They understood that. But, they understood that there were inherent risks involved.

It is for this reason they passed this limit to borrowing Act in their wisdom, because they did not want a government to borrow as much as banks were willing to lend. Because a bank would love to lend a government, it is a very relatively safe borrower. Government always pay their debts, but at the expense of whom? If the Government overborrows, and it has to pay its obligations, it is the people who will suffer, and we need to protect the public interest. We need to be very, very careful with respect to how much of our revenues, what percentage of our revenues, we can safely allocate to debt servicing? Unless we define that particular figure we are simply going to run afoul of the intent of the legislators in 1964, 50 years ago. We absolutely need to know. Is it 10 per cent? Fifteen per cent? Is 20 per cent our maximum? And, in addition to that, we need to be very careful with respect to the projects for which we borrow.

The second statistic I would like to see is this. There is a problem of data in this country, and the data problem, we know, comes from the fact that there is little or no confidence of the figures coming out from the Central Bank and the Ministry of Finance. You know something?

Hon. Imbert: Serious?

Sen. Dr. D. Mahabir: Yeah. Well, I, too, share some of those concerns. *[Interruption]* Yes, I will tell you why. I would really like to know what is the true and correct state of indebtedness in this country? You see all this GDP ratio that I am hearing, I am not convinced.

I understand that we have good figures on central government debt. We have good figures on our foreign debt. But you know something? Recently the Petrotrin debt was downgraded by Moody's. Not only because Petrotrin was found that maybe its position to pay was compromised, but I understand that debt is large. What is Petrotrin's debt like now in quantum figures? Is it \$14 billion? Is it \$10 billion? BWIA, before it became CAL, was a company that borrowed. Now there is Caribbean Airlines, what is that debt? I would like to know what is the T&TEC debt? What is the WASA debt? What is the UDeCOTT debt?

All of these agencies, as Sen. Shrikisoos indicated, running up contingent liabilities, I would like to see a well-functioning debt-monitoring unit, so that if I were to try to get information today on all contingent liabilities in this country, I should be able to get that information. I should be able to know what is the state of the Clico debt. That is still rather nebulous and undefined. So, really, really, what is the true and correct state of our debt at that time? This is not an academic question. This is a problem that encountered Greece. So many agencies borrowed, so many businesses borrowed until at some time when the debts came due for servicing, 330 billion euros were contracted, and Greece had not a clue as to how to service that debt.

If it happens to an advanced economy such as Greece—what happened to their debt monitoring unit? What happens to our debt monitoring? I would like to see and I would like to have confidence, not only on the GDP figures, but right now given what is asked of this Parliament, I want to know what is every single debt contracted in this country for which the Minister of Finance is liable?—that is, contingent liabilities together with actual debt. Because, we have been running deficits, all the deficits over the years. We have been floating bond issues.

Sen. Henry made a valuable point: when he asked the former Minister of Finance, he is not getting complete information. I would like complete information, Mr. Vice-President, so that I know when I make this decision it is an

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informed decision and not a decision made on trust. I want to know exactly what is the current state of the stock of debt? What is current debt servicing like over the next five years? And, can we afford this extra \$50 billion if the economy does not grow?

This is the essence, you know. If we could be sure that the economy is going to grow, I would approve the Minister forthwith, immediately. But it is too uncertain, much too uncertain with respect to the growth of the economy. Given the uncertainty, Mr. Vice-President, the uncertainty before us, we have an option before. The option is, every year since 2008, the Government's budget expenditure has been rising, although revenue has been stagnating, and we did not find it prudent in '09, '10, '11, '12, '13, '14 and '15 to look at that fiscal package and ask ourselves, how much of that is necessary? How much of that is optional? Well, you know something, when you are awash with revenue you can afford to spend to your heart's content. When revenue is short you have to make some adjustments. You have to adjust. I cannot see how a Minister can come and ask me to raise this debt ceiling without telling me what he is doing to cut some expenditure. This will not fly anywhere by any agency. Not by the IMF, not by the commercial bank, not by any financial institution. You have to show how you are prepared to make some adjustments so that you are going to find yourself in a position to repay.

And, Mr. Vice-President, Sen. Raffoul made a valuable contribution—
[*Interruption*]

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

Sen. Dr. D. Mahabir: Thank you very much, Mr. Vice-President. Sen. Raffoul made a very valuable contribution when she said, let us try to see what we could do to reduce expenditures. We could lower our air conditioning temperature, we could cut back on paper, we could look at our goods and services Bill, we could look at all areas, we could look at LifeSport. But, you know something, when I look at every item of expenditure in our estimates of expenditure, I am telling you, the amount of things I see that if we cut, that we will not compromise the quality of life of the citizens, is simply amazing. I would like the Minister to tell this honourable Chamber, how much progress he has made with respect to trimming expenses in the budget?

Hon. Imbert: In three months?

Sen. Dr. D. Mahabir: Yes, in three months. I am telling you that basically—
[*Interruption*] No, no. [*Interruption*] And IMF can do it in much less.

The reality, Mr. Vice-President, is this, we have to ask ourselves how are we gradually going to get this level of expenditure down? How much of it is waste? How much of it is avoidable? How much of it is tolerable? And how much of it is necessary? This is a new era in budgeting, if we do not do that you know what is going to happen. Sen. Shrikissoon's prediction will come true: a government will continue to spend because they are afraid to cut. But the population is smart, you know; the population is smarter than we give them credit for. Let us be truthful and honest with them. They face the same crisis that we face in the Parliament. They are going to face a cut in their household income, they have to make adjustments. There are some things they would not be able to buy. They cannot go out and buy chicken and chips as often as they did. They cannot make the expenditures that they did. The Government will have to do the same.

Mr. Vice-President, we have, in the few minutes—do I have three minutes? Three minutes left to me, Mr. Vice-President.

I find it odd that we are paying money to contractors—that we owe money to contractors. All of these projects were supposed to have been approved by this honourable House. The financing for those projects—unless they are off budget—were supposed to have been approved. The problem arises, we have passed this. All those expenditures were approved. You are doing nothing illegal. But, where was the Ministry of Finance to alert the Government that, you know, we cannot exceed the borrowing limits. Were they not supposed to give us a warning system? Where is the warning system? I was not aware, for example, that we were so close to the borrowing limits, but let us ensure that we have this corrected, that whenever we are close to a borrowing limit, I would hope that in the future a Minister of Finance will tell us that we are close to the borrowing limits, and do not just drop this on me like a suddenness.

And finally, Mr. Vice-President, a few years ago, after the '09 crisis, there were a few countries in Europe that experienced serious difficulties; they were Portugal, Ireland, Spain, Iceland and Greece. Today Portugal, Ireland, Iceland and Spain have all recovered. They did things to ensure their recovery. Greece did not recover. Greece went the route that Trinidad and Tobago plans to go now. Let us not go the route of Greece. Let us see what Portugal, Ireland, Spain and Iceland did, follow that model and let us not put this country in financial danger.

I thank you. [*Desk thumping*]

9.45 p.m.

The Minister of Finance (Hon. Colm Imbert): Thank you Mr. Vice-President, and I wish to thank all Members of the Independent Bench who contributed. I found all the contributions from the Independent Bench were all different, Mr.

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Vice-President, they were all different. Different approaches, different interpretation, different views, but I took notes because they all had something interesting to say.

[MADAM PRESIDENT *in the Chair*]

I did not take any notes when the hon. Senators in the front bench spoke, because they are all in denial, every single one of them is in denial. I had a conversation with someone before this sitting began who said in another country if other Governments had done what they had done, there would have been a different result. They are all in denial, Madam President, every single one of them. And I think it is necessary to reiterate what really happened and why we are here and why we are before this honourable Senate asking for an increase in the borrowing limit.

I think it is necessary to put into the record the historical progression because people need to know what happened. The historical progression of the cash balances at the Central Bank. Now, the economists among us, some of them, the economists on the back bench, on that side, will know that the cash balances at the Central Bank, if you read the Central Bank Act it is very revealing. These are temporary advances from the Central Bank. And the Central Bank is authorized to make temporary advances for cash flow purposes to the Government up to a limit of 15 per cent of expenditure for the fiscal year.

Now, the wording is very instructive. You are supposed to retire these temporary advances during the fiscal year. It is an overdraft. You are not supposed to use the overdraft limit to finance your country's expenditure. It is merely a cash flow mechanism. And every Government or most Governments prior to the last Government understood that. And this is the evolution in the cash balances at the Central Bank.

In May of 2010 the cash balances were in credit. What this meant is that the Government of the day had retired the temporary advances made by the Central Bank in the years prior. So there was a positive balance in the Government's account in the Central Bank in the amount of \$6.5 billion. But then some brilliant people came into power, brilliant, distinguished economists and distinguished bankers and so on, and look at what happened to the cash balances. It was \$6.5 billion in the positive in May 2010. By September 2010 the cash balances had dropped to \$4.5 billion. By September 2011, \$2.4 billion. By September 2012, \$1.6 billion. So between May 2010 and September 2012 the former Government was using up the cash reserves in the Central Bank. We need to understand these things, and then by September 2013 the cash balances were negative \$4.5 billion. And then we come to the situation in September 2015, negative \$8.8 billion.

So the former Government was using the overdraft as a form of income. This is what these brilliant people did. They used the cash in the Central Bank as a form of income. Instead of coming to this Parliament, which is what they should have done, they should have come to this Parliament three years ago when they burnt up the temporary cash available in the Central Bank and come clean with the country, explain what they were doing, they were living beyond their means, because if you look at the expenditure pattern, the expenditure patterns in 2008, 2009, 2010 were all in the vicinity of \$45 billion. The revenue was also around that.

So we were more or less balancing income and expenditure in those years 2008, 2009, 2010—44/45 billion dollars in income, \$45 billion more or less in expenditure. That was happening under the People's National Movement. In comes the UNC. What happens? The revenue remains the same, \$45 billion, \$46 billion. But what did the UNC do, they increased the expenditure. So we have income coming in at 45, but they take the expenditure up to 50, up to 55, up to 60 and then the last budget that they read, the projected expenditure was \$63 billion. That is what they did.

So they never recognized that the country was running on a fairly balanced system of \$45 billion in income and \$45 billion in expenditure. They just increased it by almost \$20 billion. They created the condition that we find ourselves in today. And Sen. Mahabir I want to give you an assurance, we estimate that when—we have only been in Government for three months but we are already drilling deep into the expenditure that took place in the last five years as they increased that expenditure from \$45 billion up to over \$60 billion, and we are looking at what it was spent on.

Now, of course, there were wage increases. This year as we go into this fiscal we are hit with a \$5 billion arrears of salary bill that we must pay, because Governments are continuous. One Government cannot increase wages in the public sector and the state enterprises, create back pay and another Government comes in and says, “we ent paying that”. Then the whole system will be destabilized. So they created the condition, they increased salaries, they did not pay the back pay, they left it for us to pay, we have \$5 billion in 2016 in back pay to pay and we will pay the back pay because we are an honourable Government. [*Desk thumping*] We will honour commitments made by others.

Not like them and they just go and cancelled the OPV contract and the Alutrint contract just so and exposed this country to billions of dollars in penalties and losses. We are not like them. So the whole point is the previous Government was

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totally irresponsible. They saw a revenue stream of \$45 billion and they increased expenditure to over \$60 billion. Where was the money going to come from? It came from cash reserves in the Central Bank as I said. They irresponsibly—who, which business uses overdraft as a source of income? Who does that? “Eh, Sen. Hadeed.” In your business you use your overdraft as a source of income? That is what you do? Irresponsible.

Sen. Hadeed: No, no, no. Cool yourself.

Hon. C. Imbert: So, Madam President, I am speaking to you. I am sorry. I realize I should be speaking to you. And, Madam President, so they used the overdraft as a form of income. They took the Unemployment Fund and they pledged it against the overdraft. So we now cannot access the Unemployment Fund. Eleven billion dollars in deposits, treasury deposits in the Unemployment Fund which is from the oil companies as Senator Small will know; eleven billion dollars. “Cyah touch it”, because they pawned it. Three billion dollars in Green fund. “Cyah touch it”, because the previous Government pawned it. So not only did they use the overdraft as a form of income, they took all the special funds and used that as a form of income as well. Because when we speak about the overdraft being \$9 billion or \$8 billion you have to realize that they also have all those deposits inside of there that we “cyah” touch. We “cyah” touch the Green Fund. We “cyah” touch the Unemployment Fund because they mortgaged it. That is how they were running this country.

The deposits from the Ministry of Energy, they have mortgaged all of that against the overdraft and using that as income. That is how those brilliant economists and brilliant bankers ran this country. You have to understand the situation we are in, but Sen. Mahabir I want to give you an assurance and everybody on that side, on the Upper Bench, that we have already begun to determine that many of the expenditures for goods and services and for projects were way overpriced. Projects that should have cost \$5 million were costing \$15 million. *[Interruption]* Same thing. You had schools in the PNM area, schools costing \$5 million in the UNC area, same school, \$15 and \$20 million.

Hospitals: they talked about the Scarborough Hospital. That was a project that was mired in controversy. You had one contractor, contractor terminated the contract. Then there was a legal battle. Then they had to demobilize, deal with the problem of litigation and arbitration and bring in a new contractor who would obviously have to incur additional mobilization costs; it is at a different time, all that sort of thing. But when that hospital was finished, a modern state-of-the-art hospital, with all those problems—which must have added, maybe \$200 million

to the cost of that hospital—when it was all over it was \$700 million. A modern 100-bed hospital in Tobago that probably cost about \$200 million more than it should have cost because of all the contractual disputes and the problems, the litigation and so on.

So you have the cost of a hospital, a 100-bed hospital, modern, state-of-the-art, fully commissioned and equipped, say \$500 million if you do not run into contractual problems with a contractor. Let us say \$500 million. That is what it was supposed to be. How is it that three years later the same hospital, same 100-bed hospital is costing \$1.5 billion? How is that possible? How is it possible that the Arima hospital is costing \$1.8 billion? Do the maths. Something is wrong. Those hospitals that are costing \$1.5 billion should cost \$500 million. They are overpriced, each one of them by as much as a billion dollars. [*Desk thumping*]

So I assure you that this administration is not going to engage in that sort of irresponsibility. [*Desk thumping*] That sort of political banditry. And once we start to get rid of the—and I have to say it, the corruption, the waste and the mismanagement—once we start to get the cost of goods and services and government contracts down to what they should be, then we estimate we can save; remember they jacked up the expenditure by almost \$20 billion. We estimate we can reduce expenditure by \$3 billion to \$4 billion. And that alone, annually, that is my estimate of the overpricing, the unnecessary expenditure, the waste, the corruption and the mismanagement in the system. At least \$4 billion a year. And that alone will service the additional \$50 billion, Senators. That \$4 billion in savings, in corruption, waste and mismanagement, that alone could service \$50 billion to \$60 billion in additional borrowing. That alone. But that is not all we are going to do.

I heard Senators talk about the Greece situation. But when we are looking at situations we must compare apples and apples, with due respect. Greek debt to GDP ratio, you will be amazed at what it is, 177 per cent. Now, how on earth could a country allow itself to get into a situation where its debt to GDP ratio is 177 per cent? We are talking here about a possible, not necessarily actual, you know, we are talking about a possible increase of our debt to GDP ratio from 46 per cent to 65 per cent. How could that be compared to the Greek debt to GDP ratio of 177 per cent. There is no comparison at all.

Sen. Mahabir, with all due respect we are not even close to Greece. We will have to multiply our debt by about 300 per cent to reach Greece. We are nowhere near that. And I think a debt to GDP ratio of 65 per cent if we ever have to get there is quite manageable. And Senators have asked me, well Sen. Mahabir asked

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me, how much do we pay towards debt servicing? It is about \$5 billion or \$6 billion a year. At present, about 10 per cent of expenditure goes towards debt servicing. If we take our debt up to \$120 billion we are going to be retiring debt as we go along so maybe it will get up to \$7 billion or something like that. But as I told you, we expect we could cut out at least \$3 billion in corruption. And I am not joking. When you take a hospital project and you multiply it by three and it goes from \$500 million to \$1.5 billion we are not doing that. That is why they lost the election.

10.00 p.m.

And what gets me is the level of insincerely of the Opposition Senators. They are insincere—completely insincere. Your words are hollow, and that is why I took no notes. That is why, no matter what the Independents said, even if I did not agree with some of the things they said, “ah still take notes”, because I believe every single one of the people on the Upper Bench are sincere. [*Desk thumping*] You are sincere. Nobody in that front bench is sincere.

You know, Sen. Hadeed comes in and starts to read out figures. Figures make no sense. So I went to the *Review of the Economy*. What was the source of his data? He did not quote the source. I will quote the source of my data. I went to the *Review of the Economy, 2007*, Appendix 19, and it gives you the fiscal balances for Trinidad and Tobago from 2002 up to 2007. It is there in a published document. I did not pull it out of a hat, like Sen. Hadeed. And the surplus in 2002/2003 was \$775 million. The surplus in 2003/2004 was \$211 million. The surplus in 2004/2005, \$2.4 billion. The surplus in 2005/2006, \$1.8 billion. The surplus in 2006/2007, \$1.3 billion. The surplus in 2007/2008, \$3 billion.

So where on earth did these honourable gentlemen in front—where do you get your figures from? I went to the *Review of the Economy*. I knew that that information was bogus and I checked it for myself. Where does he get it from? Where do they get their information from? It is shocking—shocking! And, Madam President, if we listen to them, they want us to renege. They want this PNM Government to renege on all of the contractual obligations that they entered into because they do not want to support this Motion. They want procurement legislation.

Where was procurement legislation when you entered into a contract with China Harbour Engineering in 2013 for \$600 million for the Endeavour Business Park? Where was procurement legislation then? Sole selective with China Harbour Engineering, \$600 million! Transshipment and dry dock project—

Hon. Member: Six hundred million?

Hon. C. Imbert: Six hundred million dollars.

Hon. Member: US?

Hon. C. Imbert: No, TT. TT \$3 billion, Transshipment and Dry Dock Project executed in 2014. Where was procurement legislation then when the UNC entered into a sole selective contract with China Harbour Engineering Company for \$3 billion? And coming now and talking about procurement legislation? Where was procurement legislation when in 2014 Beijing Lu Jing was given a contract for six industrial parks for \$1 billion?

Sen. Mark: You had procurement for the MV *Su*?

Hon. C. Imbert: Where was procurement legislation when you entered into a contract—

Sen. Mark: MV *Su*?

Hon. C. Imbert: Madam President, I hope you would stop him from shouting. Where was procurement legislation when you entered into a contract with Bell Helicopters for \$500 million?

Sen. Mark: What about the MV *Su*?

Hon. C. Imbert: Where was procurement legislation when you entered into a contract with China Railway Construction—sole selective—for \$1.85 billion for the Arima Hospital? Where was procurement legislation when you acquired a Chinese vessel for \$230 million from China Shipbuilding in 2015? Where was procurement legislation when you entered into a contract for \$1.6 billion with Vamed Engineering in 2014?

The reason why I am saying all of this, it is the hypocrisy, Madam President, because we have to increase the borrowing limit to deal with all of these things: the Arima Hospital, the Chinese hull, the Point Fortin Hospital, the Bell helicopters, the naval vessels. Where was procurement legislation when all of that was going on? Now we are saddled with \$11 billion in unfinanced projects where the total headroom in the borrowing is \$4 billion, and on the external—these are all external loans, Sen. Shrikissoon. You wondered about the one we are going to debate in a while—external.

This is \$8—I added it up—\$8.5 billion alone in external loans that have not been finalized, entered into with sovereign government; government-to-government. I have ambassadors—I “get ah email today, as ah sitting dong here.

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Ah get ah email from an ambassador from one ah de” countries where these people entered into these contracts, and want to see me to talk about the fact that the new administration has not signed the loan agreement for one of these projects. While I was sitting down here, “ah get de email”—\$8.5 billion in external loans committed by the previous administration when the head room in the External Loans Act is just \$2.5 billion or \$3 billion. Where “ah” getting the next \$5 billion from? Wave a magic wand? And that is to deal with what we are already committed to.

I heard Sen. Ramkissoon talk about \$11 billion; \$11 billion is just the few projects I read out there. The HDC is another \$10 billion, that is \$21 billion, and we are not talking about the Point Fortin Highway. That is another \$2.5 billion. EMBD—one man has a claim for \$800 million at EMBD. You could believe a contractor has \$800 million in cash? That is what is going on in this country, “yuh know”. A contractor is saying he is out of pocket \$800 million. I can see Sen. Mahabir laughing.

Hon. Member: “Wha he do so, boy?”

Hon. C. Imbert: Eight hundred million dollars he “outta” pocket. Somebody in this country has \$800 million in cash to build “road and put down pipe” and so on, and drain for EMBD—\$800 million! And they are sending a bill now for \$800 million. That is what we have to deal with.

Hon. Member: Madness. Madness.

Hon. C. Imbert: So it is not a question of this PNM Government being profligate and we want to “buss de borrowing limit, and we want to buss de GDP.” I do not think we would ever come like Greece. We have to deal with these matters and that is why we need breathing space. But I want to give everybody the assurance that we are going to go in there and all these overvalued, all these overpriced, all these obscene contracts—look at the Beetham Waste Water Project; is a case in point—two bids. One of the bids is \$600 million or \$500 million. The next bid is \$1 billion. They give the contract to the one for \$1 billion. That is \$500 million that could have been saved right there. And then the contractor abandons the job because they underbid. The \$1 billion contractor—the one that was over the other one by \$500 million—wants to walk off the job because he underbid.

That is what we have to deal with. And then I have to listen to Sen. Munro, Sen. Samuel, Sen. Sturge, Sen. Ameen, Sen. Hadeed, Sen. Mark, as if you were in dreamland. Are you in fantasy land? These are all Cabinet decisions of your

government! You did this. You put this country in this mess! We have to fix it. And, as I said, I took notes of everything that Sen. Roach said, the question of the Heritage and Stabilisation Fund.

There was always a point of view we should have two funds, a heritage fund and a stabilisation fund. And when I came here to do the budget debate, Sen. Mahabir raised it, and it is an idea whose time has come. We need to talk about this. What is the point of having a stabilisation fund when you need to stabilize something, you “doh” use it. “Wha, you have it there as a—is ah trophy? So yuh jes have money in a fund for nutting?” So we need to talk about these things. We need to separate the fund into a heritage fund for future generations and a stabilisation fund to stabilize the economy in times of economic uncertainty. Where did the money come from for the fund, anyhow? It was surplus revenues in times of high commodity prices put into the fund to be used when commodity prices are depressed. But we are just there watching this thing and saying, what a wonderful thing. We need to have a discussion in this country about this. What is the purpose of this fund?

Saudi Arabia has a fund of some \$700 billion. They are dipping into that fund. They are taking out \$40 billion this year and they are using it to balance their budget. Because with all the “ole talk”, Saudi Arabia needs \$100 oil to balance its budget, you know. All the OPEC countries; all of them: Iran, Kuwait, Qatar, all of them; United Arab Emirates, they all need oil at \$90 to \$100 to balance their budget. They are all haemorrhaging right now.

When Sen. Small talks about Saudi Arabia and its deficit, their budget is US \$225 billion or \$230 billion, somewhere around there, and they have a deficit of \$40 billion and they are taking it out of their fund because they do not want to cut back on social services and so on, in their countries. Now all these countries, like Iran, that is what they are doing.

So when people talk about cut; of course, you could cut. But what you are going to cut, salaries? No. You are going to have a riot in this country. That happened already. The NAR came in, did a 10 per cent cut, took away Cola, and what happened? They had a riot. 1990 happened. We are not going to do that. We are not going to cut people’s salaries. We are not going to retrench people in droves, as one of the alarmists spoke about. We are not doing that. But what we will look at is where there is corruption, where goods and services are overpriced, where people are selling goods and services to the Government for \$10 when it should cost \$5 or \$1. I give you a promise, we are going to cut that out and that is how we will cut expenditure. [*Desk thumping*] That is how we will do it. That is

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the waste and the fat that you see when you look into the budget, Sen. Mahabir. That is what you see, ridiculous expenditure on nonsense. We are going to deal with that, but we are not going to interfere with the livelihood of ordinary working people. We are not doing it.

And this is why for this year I pegged the budget at \$62 billion, \$5 billion of which is arrears—so you are really talking maybe \$57 billion—because we want to maintain employment. We want to keep the economy going. If you suddenly just cut \$15 billion out of your expenditure, your economy is going to go into total collapse. You may never come out of it. Of course, you have to cut. Of course. But we are cutting out waste and corruption, and I do not say that facetiously. I mean it when I say that.

And in terms of why we are asking for this, it is wasteful of this Parliament's time to come back every year and ask for a \$5 billion and a \$10 billion and so on. That is what we feel. We do not intend to do what the previous administration did, Sen. Shrikissoon. You will have to excuse me. When you were talking—I mean, I was not there. I did not enter into all these crazy projects. “Yuh cyar blame me for dat.” I got the impression, Senator, “is me yuh blaming for the craziness that went on”. No, I am just saying I got that impression. Okay? Not me. I was not there. I did not “buss de” Central Bank overdraft; I did not raid National Gas Company. I did not do that. I did not spend three times what you should spend on projects and do things sole selective. Not me. It was not us. Nobody on this side did that. That was somebody else. You “cyar” hold us responsible for that. You cannot.

But one of the good things that came out of this debate is a statement on debt. Now, if you go into the *Review of the Economy* you will see a statement on contingent liabilities, on Central Government debt, on Central Government guaranteed debt and so on. It is all there. But I am giving an undertaking now—because I think it is important and everybody knows the state of our debt in this country—I cannot tell you when, I cannot say I will do it every six months. I “doh” want to make that commitment now, but on a regular basis every year there will be reports to the Parliament on the state of the country's debt. I give you that commitment here today. [*Desk thumping*]

I “doh” want to go into details because I “doh” want to talk out of turn and say I will do it every three months or every six, but I will do it at least once per year. You will see what the debt is; you will see what the Government guarantee debt is, what the contingent liabilities are. This is not a Government of secrecy. We are not going to hide anything. We will present it to you so you would see. So that if you think we are going off course, you could raise an alarm. We are going to give you the information. That is one thing that I promise we will do for you.

Another one of the Senators spoke about, we should access—I think this was Sen. Raffoul who said we should access the agencies such as IDB, CDB, World Bank. Of course, that is what we are going to do, definitely. I endorse your proposal to us because that is exactly what we are going to do, because you get borrowing on very good terms. You get a moratorium, low interest rates and, most of all, you get transparency. And all of these agencies demand feasibility studies before you do a project so that, at least, you have some guarantee that the projects would not be frivolous. And they do value for money analyses so you have some guarantee that the projects would not be overpriced. So that is one of the benefits of going to the multinational agencies and that is why they did not go because they will have to explain their vanity projects and why their projects cost so much.

10.15 p.m.

Madam President, can you tell me how much more time I have?

Madam President: Fifteen more minutes.

Hon. C. Imbert: Thank you very much. You know, I find it quite annoying. Sen. Hadeed, you need to get another speech [*Laughter*] because I heard that speech in the last election campaign. Madam President, through you, I heard that speech in the last election campaign and I remember a famous statement made by President Obama. You know when Obama was going for election they said all kinds of things about Obama. They said he is a Muslim, they said he is a terrorist, they said he was not born in United States, they said he does not go to church. All kinds of things they said about this man and he won the election. I remember he made a very poignant comment afterwards: he said they throw everything at me, they said everything they could possibly say about me but the population did not buy it. And that is what I would say to my honourable friends on the front bench opposite: that tired rhetoric the population did not buy it. [*Desk thumping*]

Madam President, you know, they live in a little fantasy land of their own, because there were two local government by-elections yesterday and if the PNM was so bad, and if the UNC was so good, and if what we were doing was nonsense, and if what they had done and they planned to do was so brilliant, how does this explain these results? In Malabar South: PNM 1,600; UNC 29. [*Desk thumping*] If there is an iota of truth in anything said by hon. Members on the front bench today, a speck of truth, a sand grain of truth in anything you said, explain those results: 1,600 for PNM, 29 for UNC, Malabar South; and in Auzonville Tunapuna, 2,459 PNM, 325 for the UNC. [*Desk thumping*] You lost your deposit in both, but you live in your little fantasy world. The population is no longer buying your rhetoric.

Sen. Baptiste-Primus: They are not even listening.

Hon. C. Imbert: They are not listening to you, and you should take pattern from the PNM. Because in 2010 the population was not listening to the PNM and we went out, we lost election. We come back, we re-engineer, we rejuvenate, we reconstruct, we rebuild, and now you have this brilliant PNM team here [*Desk thumping*] with a new leader too. We had the confidence and the courage to put a new leader in the PNM, and in five years we regained the confidence of the population, received the popular vote and won the election hands down, Madam President. What is going on, on that side? They cannot change their leader and they cannot even cross 30 votes. I have never seen that. I have been in public life for 24 years and I have never seen 29 votes in a local government election. Never! Never! I would say they need to internalize, do some internal self-investigation, try and figure out what is going on.

Imagine we have to come in this Parliament today to raise the borrowing limit to pay debts that they incurred and they do not want to vote for it. Imagine we have to come in this Parliament today to increase the borrowing limit to deal with debts that they incurred, without any proper procurement, and they say no, put proper procurement in place first. It is their debts. How are we doing that? I do not have a time machine. What I am being asked to do is put proper procurement systems in place to deal with the contracts that you entered into. So I have to go back in time. I am a time traveller. Go back and fix up all these contracts and make sure it is competitive tendering, it is transparent and they have value for money, and then come back in my time machine into 2015 and then it will be okay. That is what we have to deal with in this Parliament, Madam President. It is ridiculous. Absolutely ridiculous.

So, let me just see if I have missed anything. Oh, one of the statements made that I totally endorsed from Sen. Roach, statements made about a recession in the absence of reliable data. Well, I am paraphrasing now, totally irresponsible and dangerous. They should not be made. It is irresponsible, and Sen. Mahabir has made the point that from an economic standpoint we are not really talking about recession. We are talking about economic stagnation. A recession is really more applicable to a developed country where you have business cycles and so on. So why would the Governor of the Central Bank come out just so and say we are in a recession when we do not even have data from the Central Statistical Office. Why? It is dangerous. I totally agree. Dangerous and I dare say even reckless, but that is not the point. He did it. I am not going to cry over spilt milk. He did it and, for the record, the Government did not receive an embargo copy.

Sen. Small, you are absolutely right. I checked and it was the practice for the Central Bank to give the Ministry of Finance, give the Ministry of Energy and Energy Industries and so on, an embargo copy of the monetary policy statement at least a day before the publication of the statement. That was the practice. That was the practice, and you will be shocked to hear that we asked for it one day before and the request was denied. So I am very glad to hear Sen. Small, that you—nobody asked you. Madam President, I did not speak to Sen. Small. I did not even know that the Ministry of Energy and Energy Industries got an embargo copy. I thought it was just the Ministry of Finance.

So we asked for a copy and the request was denied, and obviously the request was denied because of the contents of the statement, but that is small stuff. Whether the new Central Bank thinks it is appropriate to let the Minister of Finance know whether you are going to make a monetary policy statement or not, that is small thing. We are not fretting over that. That is simply courtesy. We are not worrying about discourtesy. What we on this side are concerned about is statements made which have the banking community and the business community up in arms, and that is the whole question of client confidentiality. Now that is big stuff. The small stuff about courtesy and whether advanced copy should be made, that is small thing, and I really want to emphasize that point because whether we get a copy or not that is no big thing. It is simply a courtesy. But what is important is when statements are made where you have big businesses in this country now writing me, as Minister of Finance, and saying that they are very concerned that client confidentiality has been breached and they are fairly certain some laws have been breached.

I have several letters from big institutions in this country telling me that in their view client confidentiality has been breached. Now that is a big thing and I just thought I would say that, because when I heard Sen. Roach talk about statements being made without the courtesy of letting the Government know and then Sen. Small confirmed that the embargo—I was told by a former Governor that even the media sometimes receive an embargo copy and the reason for that was that when the press conference was held, to deliver the statement, the Central Bank was of the view that the question and answer session would not be productive unless the media got an embargo copy so that they could prepare and research and ask intelligent questions. So even the media used to receive an embargo copy, quite apart from the government agencies, but let us leave that alone. That is a completely different matter. It just affects confidence in this country, but I thought I would put it on the record.

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Now, Sen. Raffoul I cannot agree with you more about lights in the building. There are no building management systems in this building. It is clear to me that Sen. Raffoul has some knowledge of BMS, which is the acronym for Building Management Systems, and it is in use all over the world. It is essentially a computer system which monitors the conditions in the building, monitors the humidity, monitors the temperature, monitors the use of lights and so on, and this computer system turns on and turns off lights, regulates the air conditioning. It is done all over the world and I am giving another pledge here today, that this Government will ensure that government buildings, each of them, is outfitted with a building management system. [*Desk thumping*] I give you that assurance Sen. Raffoul because it is ridiculous—

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

Hon. C. Imbert: No problem—the air conditioning temperature in this building. How could there be no thermostat? Incredible! So I give you an assurance Sen. Raffoul, we will be dealing with that.

Sen. Small, well you gave us the revelation about the embargo copy. You also told us that we have to limit banditry. I give you an assurance that is our intention. We intend when we go to the population in 2020 that we go to them with a clean record, so that the election will be fought on issues, on policies, and not on allegations of banditry and corruption. At least, not on justifiable allegations because there will always be allegations. But I give you an assurance that it is our intention that the next election will be fought on economic policy, on crime and security, on issues, on social security, on social services, on wealth generation, on poverty and issues like that. Not corruption because we do intend to ensure that we deal with banditry, Sen. Small. I give you that assurance.

Someone asked, I think it was you Sen. Small, or maybe Sen. Shrikissoon, what was the existing debt portfolio used for? The \$30 billion that they borrowed in the last five years. God alone knows. Do not ask me. I really do not know what that \$30 billion was used for in the last—we are going to find out. We are drilling down into the system to find out what that \$30 billion was borrowed for, and that is why I promised to give a regular statement on debt and debt management. That is why I agree totally we need to have a committee or a council looking at infrastructure. We do have a Cabinet Committee on infrastructure, but I do believe we need to have a broad-based national committee on capital advocacy and infrastructure. Absolutely right and I think that was a suggestion made by Sen. Small.

Before I wrap up, there was a suggestion made about using the private sector to build houses. Now there are all sorts of incentives right now in the system. For example, if you are in the private sector and you construct a house costing less than \$1.5 million, the project is tax exempt. But one of the errors made by the last administration—because you have to dig and find out why it is not working. Because if you get tax exemption from profits and exemption from tax on a property costing \$1.5 million, why is the private sector not getting involved? Simple answer. Because like most things the previous Government did it was “vaps”. The regime ends in 2018. Now anybody who is involved in a project—I can speak from personal experience—to do the designs would take you six months to a year; to get your approvals may take you another two years; to get your financing may take you another six months. So from the time you conceptualize the project, by the time you are ready to go, you are talking three, four years down the road.

Now, if people know this why would you give fiscal incentives to private developers that have an expiry date, just three to four years after you announce it? By the time people get going the regime would have expired. I can tell you we are going to make sure there is a permanent regime in place with fiscal incentives to encourage the private sector to get involved in housing because the private sector should be involved in housing. I think it was Sen. Creese who had made this point. So we need to find out what are the issues. I already know one of them. There is need for long-term planning, so you need to have these incentives in place for 15—20 years. You need to find out what are the problems, what they want, and we do intend to do that.

So with those very few words, Madam President, I beg to move. Thank you.
[Desk thumping]

Madam President: Hon. Senators, I would first put the question on the proposed amendment. Hon. Senators, the question is that the Motion be amended by adding these words:

And be it further resolved that for the sake of protection of the public interest that no new procurement to be facilitated by borrowing made possible by this resolution be effected until a new more transparent procurement law is fully in effect.

Question, on amendment, proposed.

Question, on amendment, put and negatived.

Question put and agreed to.

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Resolved:

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

10.30 p.m.

Madam President: Hon. Senators, I will now call upon the Minister of Finance to move Motion No. 2 and the question will be put without debate to satisfy the procedural requirements.

**GUARANTEE OF LOANS (COMPANIES) ACT
(INCREASE IN BORROWING)**

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam President. From my memory in the other place, this is quite long. I will try to go through it quickly. I beg to move Motion No. 2 standing in my name:

Whereas it is provided by subsection (1)(a) of section 3 of the Guarantee of Loans (Companies) Act, Chap. 71:82 (hereinafter referred to as “the Act”), that the Government may, in such manner and on such terms and subject to such conditions as may be agreed between it and a Lending Agency, guarantee the discharge by a Company of its obligations under any agreement which may be entered into by the Company with a Lending Agency in respect of any borrowing by that Company that is authorized by the Government:

And whereas it is provided by subsection (1) of section 4 of the Act, that the aggregate amount of all borrowings by Companies that are guaranteed by the Government under the Act, shall not exceed fifty million dollars (without taking into account any amount in respect of interest, commissions and any other expenses secured by the guarantees) or such greater sum as may from time to time be specified by resolution of the Senate and the House of Representatives:

And whereas by Resolution passed in the House of Representatives on the 17th day of January 2003, and in the Senate on the 28th day of January 2003, an aggregate sum of nine thousand million dollars was specified:

And whereas by Resolution passed in the House of Representatives on the 8th day of September 2011, and in the Senate on the 10th day of September 2011, an aggregate sum of twenty-five thousand million dollars was specified:

And whereas it is now necessary to increase the aggregate amount of all borrowings by Companies that are guaranteed by the Government under the Act by a further sum of twenty thousand million dollars:

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

Madam President, I beg to move.

Question proposed.

Madam President: Hon. Senators, I will first put the question on the proposed amendment. The question is that the Motion be amended by adding these words:

And be it further resolved that for the sake of protection of the public interest, that no new procurement be facilitated by borrowings made possible by this resolution, be effected until a new, more transparent procurement law is fully in effect.

Question, on amendment, proposed.

Question, on amendment, put and negatived.

Question put and agreed to.

Resolved:

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

EXTERNAL LOANS ACT (INCREASE IN BORROWING)

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam President, and this one is even longer. I think we need to change the actual law itself. Madam President, I beg to move Motion No. 3 standing in my name:

Whereas it is provided by section 3(1) of the External Loans Act, Chap. 71:05 that for the purpose of financing general development in Trinidad and Tobago or of repaying borrowings effected for the general development, the Minister of Finance on behalf of the Government may borrow money externally in such sum or sums not exceeding in the aggregate fifty million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies and thereafter he may borrow such further sum or sums as may from time to time be specified by Resolution passed in the Senate and the House of Representatives:

And whereas by Resolution passed in the House of Representatives on the 21st January, 1972, and in the Senate on the 25th January, 1972, the Minister on behalf of the Government was authorized to borrow externally in further sums not exceeding in the aggregate the equivalent of twenty-five million Trinidad and Tobago dollars in any foreign currency:

And whereas by Resolution passed in the House of Representatives on the 19th January, 1973, and in the Senate on the 23rd January, 1973, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of fifty million Trinidad and Tobago dollars in any foreign currency:

And whereas by Resolution passed in the House of Representatives on the 13th May, 1977, and in the Senate on the 17th May, 1977, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of eight hundred and seventy-five million Trinidad and Tobago dollars in any foreign currency:

And whereas by Resolution passed in the House of Representatives on the 20th July, 1979, and in the Senate on the 7th August, 1979, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of four billion Trinidad and Tobago dollars in any foreign currency:

And whereas by Resolution passed in the House of Representatives on the 5th June, 1989, and in the Senate on the 6th June, 1989, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of one thousand million Trinidad and Tobago dollars in any foreign currency:

And whereas by Resolution passed in the House of Representatives on the 12th July, 1993, and in the Senate on the 13th July, 1993, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of three billion Trinidad and Tobago dollars in any foreign currency:

And whereas by Resolution passed in the House of Representatives on the 8th September, 2011, and in the Senate on the 10th September, 2011, the Minister on behalf of the Government was authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of six thousand million Trinidad and Tobago dollars in any foreign currency:

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

Be it resolved that for the purpose of financing general development in Trinidad and Tobago, the Minister of Finance on behalf of the Government is hereby authorized to borrow money externally in further sums not exceeding in the aggregate the equivalent of fifteen thousand million Trinidad and Tobago dollars in any foreign currency.

Madam President, I did some rough calculations going through the actual figures for just those few contracts that I mentioned—the Arima hospital and so on—and I added up the actual loan-financing associated with each one of those contracts, and when you add it all up—I will get to my page in due course. When you add it all up, Madam President, you will discover that we have already committed—Trinidad and Tobago is already committed to the following: Arima hospital is external financing, \$1.3 billion; Chinese hull, \$215 million—these are the actual loan amounts, the rest of the money has to come from the Treasury, believe it or not. Chinese hull, \$215 million, foreign loan; Point Fortin Hospital, \$628 million, foreign loan; naval assets, \$1.2 billion, foreign loan; Endeavour Business Park, \$600 million, foreign loan; dry dock project, \$2.8 billion, foreign loan; industrial parks, \$1 billion, foreign loan. This is just some of the commitments that we have and this is to answer a question raised by Sen. Shrikissoo, why are we asking for an increase in external loan limits. What I just added up there, that is \$8 billion and that is not an exhaustive list of what we have to deal with.

As I said, a lot of these things are Government to Government, where the Chinese Government in particular—and there was a particular fascination for the Chinese, and it was really terrible that under the PNM, remember how much stick the PNM—“how they beat up” on the PNM for having these Government to Government arrangements with the Chinese. It was bad then. So when the Chinese built the diplomatic centre and so on and NAPA, that was a horrible thing: “you should not bring Chinese contractors here; you should not do business with the Chinese”. All of these things now: Arima hospital, Chinese contractor; Chinese hull, well, obviously, that is from China; the dry dock, the industrial parks—all Chinese. What happened? All of a sudden, these pariahs, these monsters that were doing business with the PNM suddenly became the preferred source of contracts, and you know we have to watch this.

This is why IDB projects and projects financed by the multilateral agencies are so much better because when you get into these Government to Government contracts, you not only commit to foreign loans, but you also commit to foreign

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contractors. And what happens when you engage a foreign contractor? You have repatriation, because the foreigners are coming here, you are paying them but they are repatriating the funds. What about the local content? What about the local value added? What effect does it have on the local economy when you engage in a Government to Government arrangement with a foreign entity? Sometimes these things are necessary but you have to be very careful. And what is shocking is the way the previous Government condemned the one or two projects we did Government to Government and then “they jump straight in”, you know, “they dive in” as if this was a panacea to all of their issues. So these are some of the challenges that we face and these are some of the reasons why we are asking the Senate to allow us to increase the limit on the External Loans Act.

Let me just give some history. While external financing was envisaged under the Development Loans Act, Chap. 71:04 in 1967, the need for larger flows of foreign reserves for development purposes became critically important in light of the foreign exchange requirement from domestic capital expenditure. For that reason, the Government established a dedicated source of external financing by enacting the External Loans Act, Chap. 71:05, in 1967. This Act provides authorization for the Minister of Finance to borrow for the purpose of financing general development in Trinidad and Tobago and for repaying borrowing effected for general development. The initial limit set by the Act in 1967 was \$50 million. Subsequently, the limit was increased on several occasions: 1972, \$75 million; 1973, \$125 million; 1977, \$1 billion; 1979, \$5 billion; 1989, \$6 billion; 1993, \$9 billion and then increased to \$15 billion in 2011 under the former administration.

Madam President, it is late, I do not want to get into any unnecessary talk. I will answer any questions asked of me, in the winding up of this. But, Madam President, I just want to give hon. Senators the assurance that we are committed to pursuing a debt strategy that is both sustainable and flexible. We are seeking headroom under this legislation and the other previous ones to maintain a range of borrowing options in sufficient amounts so as to not unduly limit the Government’s ability to make financing decisions, which would minimize both the cost and the risk of the debt portfolio, as well as to ensure the total public debt does not exceed sustainable limits.

But this debt strategy—refinancing, trying to amortize debt over a longer period, seeking moratorium, seeking better interest rates and so on—cannot be implemented because of the limited headroom under the legislation at this point in time.

10.45 p.m.

We are asking for the increase in the borrowing limit under this particular Act, the External Loans Act, as well as the ones we did previously, and I thank the Senate for not objecting to our request previously, to streamline our interaction with financial institutions, not just for the Government, but for state enterprises. Someone had asked about state enterprises and what happens? Petrotrin was downgraded. It is true, but they could still borrow, and they can borrow without a Government guarantee, but they borrow at very high rates, and then, can they repay? As Sen. Mahabir said, I think it was Sen. Mahabir, could be Sen. Small, banks are willing to lend. They are willing to lend. So that State enterprises are able to borrow on their own, but I can assure you, whatever happened in the past is not going to happen in the future. This Minister of Finance and this Government, is going to keep a very tight rein on borrowing by state enterprises.

We are simply—in fact, I have a request before me right now from Petrotrin, which I will not be just approving just so, because they have expensive debt, and they want to retire some of their expensive debt, and replace it with long-term cheaper financing. I mean, that is a very reasonable request. They have also asked for an increase in their debt portfolio, which I am looking at, but the fact of the matter is, I am looking at it. I am not putting on blinkers, and a blindfold, because Sen. Henry wondered what was going on all the time under the previous Minister of Finance and the Economy. What happened? Is it because he was a Senator he was afraid to rock the boat? Is it because he could have been fired at a moment's notice if he did not agree to all of this profligacy? I sometimes wonder myself. Well, I am not a Senator. I am an elected Member and I will not be doing things that are irresponsible, and if another Minister of Finance comes along, and wants to do that, well, so be it. But this Minister of Finance is going to be as responsible as I can possibly be.

So we have to look at retiring debt, refinancing debt, trying to get the best interest rates, trying to get rid of expensive debt. We also have debt maturing on us in one year. I just had to go to market to get some loan financing to retire a loan from FCB that had a one-year maturity; that was what that Government was doing. Instead of borrowing over 10 years, 15 years, they borrowed money over 12 months. I faced a \$1 billion loan repayment two weeks ago; just come and meet that.

Then, we had similar financing in the HDC, in UDeCOTT, the same outfitting of the buildings over there. They took a bridging financing loan for 12 months. I had to bring a Note to Cabinet just about a month ago to convert that 12-month

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financing into a five-year loan. We just cannot pay back that amount of money just like that. So that is what we are faced with. That is why we are here today, and that is why I do not know if the Members opposite just have political amnesia. I do not know what it is. They sat in Cabinet. They agreed to these 12-month—who borrows money on a 12-month period? What business does that? Who does that? Sen. Hadeed, you borrow money over a 12-month period in your business?

Sen. Hadeed: If I can repay it. [*Laughter*]

Hon. C. Imbert: So, Madam President, I do not intend to keep people longer than they should. We are going to adhere to best practices, in terms of managing our debt profile. We will keep our debt portfolio within international benchmarks.

Sen. Ramkissoon, I do not think we would ever get to Greece at 177 per cent. I cannot understand how a country could do that. How could you take your debt to GDP ratio to 177 per cent? What was going on in Greece? What were they doing? We are at 46 per cent and we are looking at a maximum of 65 per cent, and we feel that if we go beyond 65 per cent, we are going to be going into dangerous territory. This is Trinidad and Tobago. We are setting a cap at 65 per cent, and we are hoping we never have to use that, because it is just a limit. What was a country like Greece, a developed country, doing sending up its debt to GDP ratio to 177 per cent? Obviously they were living beyond their means, and it had a lot to do with the Olympics. They spent a lot of money on that Olympics, I understand billions and billions where you had €15 billion on the Olympics, and they did not get much of a return on it, and countries do these things.

So, with those few words, Madam President, as I said, if any Senators have questions, I will do my best to answer them. I beg to move. [*Desk thumping*]

Question proposed.

Sen. Wade Mark: [*Desk thumping*] Thank you very much, Madam President. We are dealing with Motion No. 3, focusing on external loans in which the Government is now seeking the approval of this honourable Senate, the sum of \$15,000 million in any currency, any foreign currency, for purposes of financing general development in the Republic of Trinidad and Tobago.

We know, Madam President, that the purpose of external borrowing is to finance general development or to repay moneys that have been borrowed, for purposes of pursuing general development. With respect to external loans borrowing, an important element, as I understand it, is that such borrowing would

have to deal with the issuing of foreign exchange. The Minister needs to let us know how he intends to pursue this strategy in raising over US \$2 billion, the equivalent, on the international capital market.

What form is this going to take? But we will come—and I want the Minister, maybe in his winding up, to tell us whether there is any relationship between the loan, or the sums that he is requesting, and the bullet payment that Petrotrin has to meet in 2018/2019? We understand it is very close to US \$800 million, close to US \$1 billion that Petrotrin is going to be called upon to pay back on the international market to borrowers. So that is an area we want to get very early clarification on.

One of the challenges that we have is that when we raise foreign loans through currency, that is, foreign currency, be it US currency, euros, but most importantly US, those currencies could well find their way into the foreign reserves of our nation. And, Madam President, we have to examine the utilization of foreign currency for purposes of consumption, distribution to traders in our nation.

So we need to have from the Minister, his plans and programmes for raising this \$15,000 million, or as I said the equivalent of over US \$2 billion on the external market. But the question that has to be posed: are the conditions propitious or appropriate, at this time, to raise such loans on the foreign capital market. That is a question that we want to pose because if we are to be faithful to what we are being advised by the Governor of the Central Bank, Trinidad and Tobago is in a full-blown recession. The economy is contracting and, Madam President, there is a collapse in the prices of oil and gas, in terms of prices. There is a collapse or a contraction, I should say, in the energy supply or in energy supply.

Madam President, there is a continuous decline in foreign exchange earnings as a result of the contraction of the energy sector, and its inability to generate foreign exchange earnings. So these are some of the conditions that we are faced with in Trinidad and Tobago at this time. And what is even more frightening is the continued erosion of the country's foreign exchange reserves. The official foreign exchange reserves are being constantly depleted and eroded. So, is this not the perfect storm or perfect conspiracy for a downgrading in our credit ratings when Standard & Poor's come to this country?

11.00 p.m.

Madam President, when Moody's comes here later on this year, and Standard & Poor's, are we going to experience a downgrading? I would not want that. I would not want a downgrading to take place. We would want to maintain our

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A-ratings in terms of Moody's, and, of course, Standard & Poor's. But, Madam President, the question is—it is not what I want—what are the objective conditions in our society at this time, and what those credit-rating agencies would be looking at in terms of critical indicators to determine whether we will have a downgrading in our ratings. That is the question that we are faced with.

Madam President, if, for argument sake, there is in fact a downgrading, what is going to happen to borrowing in terms of the costs? What will happen is that the cost of borrowing on the international market, on the foreign markets, to raise foreign loans in foreign currencies, which we have to repay, will increase. The cost of borrowing will increase, and these are real issues that we are faced with in this country. The Government has not provided us with any plans, any programmes, any projects, that they intend to pursue in order to utilize the \$50,000 million, or the over US \$2 billion that they can raise—its equivalent—on the international capital market.

I want to tell you something, Madam President, and the Government will know this, when you go on the international market to raise moneys you cannot come to the international bankers and the international lenders and fool them or attempt to mamaguy them as you are trying to mamaguy us in this Parliament. You would not be able to sell them “cat-in-bag”, and give us all kinds of airy-fairy assurances. Madam President, you have to go with concrete plans, concrete programmes, concrete projects; you have to tell them what you have in place to revive our economy so that they will be able to get back their moneys, and whether you have the appropriate personnel in place to turn around this economy.

So, Madam President, it is not a simple matter that we are dealing with here. I have seen in the *Economic Bulletin* issued by the Central Bank of Trinidad and Tobago, July 2015 that the central government external debt as at June 2015, stood at \$12.8 billion in the *Economic Bulletin*. So, roughly, as at the end of June/July, 2015, it was just about 10, or just less than 10 per cent. So it appears to be small, but that can balloon if we do not manage this properly. One of the concerns I have, and we have, is that, as I indicated earlier, when you raise foreign loans and you get foreign currencies, you lodge those currencies at the Central Bank and it forms part of the country's official foreign exchange reserves. That is what happens when you go on the international market and you raise foreign loans.

My concern, Madam President, is that we have witnessed where the Central Bank, acting on instructions from the Minister of Finance, had to dip into the country's official foreign exchange reserves and extract US \$500 million in order

to deal with the chronic shortfall in foreign exchange on the local market, or on the foreign exchange market. So we went into our foreign reserves in order to finance trade and other commercial activities being carried out by big business in this country. Now, Madam President, that is a very dangerous place to be, so today we are told by the Minister of Finance our foreign exchange reserves have dipped from US \$10.6 billion to about 9.6, or thereabout, and we could continue to experience a decline in the future. So I am concerned.

We got information recently from the Governor of the Central Bank, people say it is a breach of confidentiality, they should not have provided this country with the names of the companies that are accessing foreign exchange in this country, the biggest users of foreign exchange in our country, and they are trying to get at the throat. I believe this is all part of a conspiracy on the part of the Government to undermine the Governor of the Central Bank, and they seem to be mobilizing their forces, the Chamber of Commerce, and all of these organizations, and so on, to try to undermine the independence of the Central Bank. But, Madam President, the reality is we are concerned about our hard-earned foreign exchange coming from oil and gas and petrochemicals being given, being distributed and allocated to big business who are only importing goods from abroad to sell and they are not earning foreign exchange.

How long is this madness going to continue, and are we going to dip into our foreign exchange reserves in the future, and, therefore, we may face a depletion of our foreign exchange reserves if we are not careful. Madam President, I saw in today's papers a full-page ad by Republic Bank on some foreign exchange distribution. It is on page 2 of today's *Guardian*, and I think we need an investigation by the Central Bank into this statement issued by Republic Bank. It is misleading, and I will tell you why, Madam President, because we are talking about foreign exchange, and we are saying that we are utilizing our scarce foreign exchange in order to allow businesses to buy cheap from abroad and sell very dear and expensive at home, the commission agents. Madam President, where they get the money from? They get their foreign exchange, most of them, through the commercial banks, and the commercial banks apparently obtain their foreign exchange, in many instances, on many occasions, from the Central Bank.

Madam President, I want to draw to your attention the following piece of information I read here, it says that the total cost of Republic Bank investment in a bank called HFC Bank Ghana totalled US \$72.87 million, of which US \$26.4 million was spent in 2015. It goes on, they had another investment in Republic Bank (Suriname), US \$45.3 million, all of which was spent in 2015, and they go

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on to tell us that they expended on these two subsidiaries US \$71.3 million. Madam President, we have information and this is why I believe there is need for some investigation into this matter, because you know what the people are saying? The ordinary man in the street is saying that when they are supposed to get foreign exchange, US currency from Republic Bank, in particular, because they are the largest controller of foreign exchange on the foreign exchange market in this country—I understand they control 27 per cent of the foreign exchange allocation given by the Central Bank to commercial banks in this country—27 per cent.

Madam President, I went on the Internet and I googled “Republic Bank takeover of HFC Ghana”, and also “Republic Bank acquires RBC (Suriname)”, and, Madam President, you know what I am seeing? I am reading where the assets of RBC Royal Bank (Suriname) is US \$525 million; that is the asset base. But, Madam President, you know what we see in this paid advertisement here? We see \$45.5 million. So we are asking the question, was this an error made by Republic Bank? Or, Madam President, is this a deliberate attempt by Republic Bank to mislead the country?

11.15 p.m.

So we are seeing in the information before us—[*Interruption*] no, we are talking about foreign exchange here—we are saying that when you borrow moneys on the external market and you put it into our foreign exchange reserves, it can end up on the open market. That is the link. When you provide that money to these commercial banks, you may end up in serious trouble. We are asking the Minister of Finance to investigate this matter.

We are seeing where the Bank of Ghana, the assets amount to over US \$500, and this was acquired between 2012 and 2015, the same period when we were experiencing severe shortages in foreign exchange in Trinidad and Tobago. So we are asking the question whether moneys that are supposed to have gone to business, to retailers and to traders, were being diverted by this particular institution to buy a bank in Suriname and to buy a bank in Ghana. We are asking that question. [*Interruption*] I have questions for you too; my question I have for you.

I want you to tell this country tonight, whether you, as Minister of Finance, have removed the Governor as the alternate to the International Monetary Fund Board, you being Governor as Minister of Finance. I am asking you whether you have taken a decision, as the Minister of Finance, to break a tradition of 50 years—50 years—because you are fighting a war against the Governor of the Central Bank.

Madam President: Sen. Mark, any question that you have to ask, could you ask it through me, please.

Sen. W. Mark: Yes, Madam President.

So when he comes here with all his nonsense and make-believe stories—because you have your agenda—you have your own agenda.

Hon. Imbert: What make-believe stories?

Sen. W. Mark: I want the hon. Minister of Finance, as we are dealing—because he made mention earlier about the Heritage and Stabilisation Fund, because that contains foreign currency, and we have to invest the Heritage and Stabilisation Fund investment abroad. I want him, the hon. Minister of Finance, to tell this House whether he is aware—he may not be aware, but I am asking him whether he is aware—that, as we speak, the Heritage and Stabilisation Fund board is unable to meet, and the reason why the board cannot meet is because it does not have a Central Bank representative and it does not have a representative from the Ministry of Finance.

Could you tell us, Madam President, through you, the Minister in his winding up, whether that is a fact, and whether after two months the NIB is still without a chairman. Let the Minister of Finance tell us that.

Madam President, US \$6 billion is in the Heritage and Stabilisation Fund, and we understand that today that very important fund, which has a board, is without key personnel; one from the Central Bank and one from the Ministry of Finance. Let him tell us.

This matter of the External Loans Act, we are saying that we want the hon. Minister to tell us this evening what are his plans, where are his plans, where are his programmes for the economic revival and turnaround of our economy, because when he goes abroad to raise funds under this Act, he has to present those facts to those individuals and organizations that he is seeking to convince and persuade.

That is an area we believe that there is need for some clarification on. He has not indicated to us what projects he is going to be pursuing, and I do not believe he is going to borrow simply to spend. He must have a plan. Therefore, we want the hon. Minister of Finance to share with us his plans for raising this \$15,000 million on the foreign market under the External Loans Act. That is what we would like him to share with us this evening. *[Interruption]*

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No, he may have done that as far as you are concerned. We are dealing with this matter before us now. These are some of the issues that we would like to put on the table this evening, so we can get some clarification. As I said, we would like to know, in summing up my limited intervention, we want to get from the Minister whether, in his view, the conditions are appropriate for Trinidad and Tobago to go on the international capital market or bonds market in order to raise loans, given the situation that we are faced with at home in Trinidad and Tobago at this time.

When does the Minister intend to go on the international stage and hold, what is called, a literal roadshow in an effort to attract the investment or the foreign currencies through loans? Could he tell us what time frame he has in mind; is it going to be by the first quarter, at the end of the first quarter of 2016? And out of this \$15,000 million that the hon. Minister intends to pursue, how much would he be pursuing in the first phase or first stage? Would he commit himself to providing this Parliament with the relevant information and data and plan and programme, insofar as the raising of these foreign loans are concerned? We would like him to provide this Parliament with this particular information. We await his response on this matter.

We know there is a war that is going on between the Minister of Finance and the Governor. *[Interruption]* Yes, there is a war going on.

Hon. Imbert: What kind of war?

Sen. W. Mark: You know better than me. You are very much aware.

Hon. Imbert: You are speaking nonsense.

Sen. W. Mark: "I talking nonsense?" I am speaking the truth.

Madam President: And you are speaking to me.

Sen. W. Mark: I am speaking to you as well. *[Laughter]* He knows that. That is why I ask the question, whether he has failed to appoint the Governor as his alternate to the board of the International Monetary Fund, and whether he has appointed instead his Permanent Secretary or somebody to that effect? That is what he must share with us. When did he do that, was it done in September? Let us know. Let him tell us, because we want to know exactly the genesis of this crisis that seems to be artificially manufactured by him. *[Interruption]*

I have enough information about your behaviour and conduct, enough to take you to the public. *[Laughter]*

Madam President, I think I have said enough on this matter. I await a response from the hon. Minister to some of the concerns I have raised. I think that we will have to take the other matter that I have raised, the last matter, to the people, this matter in terms of the shenanigans of the Minister. [*Crosstalk*] That was a by-the-way matter. We look forward to his response.

Thank you very much, Madam President.

Madam President: Are you going to move your amendment?

Sen. W. Mark: I am glad for your reminder. Madam President, I want to take the opportunity of providing—

Madam President: You have two minutes, Sen. Mark.

Sen. W. Mark: Yes, Madam President.

I take this opportunity to move an amendment to this Motion. Add rather at the end of the Motion the following:

And be it further resolved that for the sake of protection of the public interest, that no new procurement to be facilitated by borrowings made possible by this Resolution be effected until a new, more transparent procurement law is fully in effect.

Thank you very much.

Sen. Hadeed: Madam President, I beg to second the Motion, and I reserve my right to speak at a later time.

Madam President: Hon. Senators, the amendment to the Motion has been seconded by Sen. Hadeed. The question is that the Motion be amended by adding the words:

And be it further resolved that for the sake of protection of the public interest, that no new procurement to be facilitated by borrowings made possible by this Resolution be effected until a new, more transparent procurement law is fully in effect.

Senators taking part in the debate hereafter, may speak on the original Motion and the proposed amendment.

11.30 p.m.

Sen. Dr. Dhanayshar Mahabir: Thank you very much, Madam President, for granting me this opportunity to speak this evening.

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Madam President, earlier we dealt with the Motion relating to the domestic debt, and the reality is that in this country we have not really had, in our economic history, a problem with our domestic debt. The issue of the domestic debt is now arising because of the escalation in borrowing which started since 2009. That particular event has caused us to generate some concern similar to the problem faced by the United States prior to the Reagan administration, when with the advent of supply-side economics, the Reagan administration thought that they could cut taxes in a hope that the economy would grow. And from the growing economy this cut in taxes would then allow for a greater tax take from a larger and growing economy. Unfortunately, the economy did not grow and the United States encountered a huge debt problem which led to their fiscal cliff and fiscal crisis.

So the domestic debt problem that we spoke about in our previous Motion, Madam President, does have a genesis and there are legitimate concerns. And I think the Minister has given us a number of assurances that he will address the concerns of the Independent Bench with respect to the growth prospects for the economy and all the perils and risks that we have been able to identify. It is for this reason that there is a limit to borrowing. The earlier legislators saw the perils and we are assured that the Minister has recognized the perils and that he has taken note of the concerns of the Independent Bench.

The issue however in the second Motion—and I will be debating the Motion as presented by the Minister, not the amendment as presented by Sen. Mark—is that we are going to increase our limit on our external loans.

Madam President, we have had a problem, unlike with domestic loans. We have had a problem with our foreign loans in the past. And let us trace the source of that problem. And I raise this because as the Minister of Finance did prior by giving assurances, I too would need some assurances because of the problem areas with respect to foreign borrowing. Unlike domestic borrowing, foreign borrowing has its own idiosyncrasies, its own peculiarities. And just this morning the Minister indicated that over the last three months, from September to December or to the end of November, the foreign reserves of this country—defined as all the foreign currencies, not only US dollars, but the foreign currencies which we have earned through trade and other means which we have not used and which are in the Central Bank available for use at short notice. So that the Minister has indicated that from September to November, the reserves fell from \$10.3 billion to \$9.6 billion which is, in the course of a couple of months, a 7 per cent fall in our reserves.

The Minister obviously is not concerned, but I do have some concerns because I expected the Minister to indicate and to give Members of my bench and me the assurance that he is not concerned because this fall in reserves is of a seasonal nature. Looking at the data we should see, and if the Minister can give me that assurance that he has looked at the data over the last five years and he has seen that the September to December period is always a period where there is a dip in reserves, and then subsequently the reserves recover.

Now if there is some seasonality to it, of course there is no concern. But I did not get that from the Minister and I think he needs to give that some consideration. Because, Madam President, I go back in time to the unfortunate Prime Minister called Prime Minister George Chambers. Prime Minister Chambers assumed office in 1981, but unfortunately for him the price of oil collapsed a year later. Unfortunately for him, not only did the price of oil collapse, but the Government had a tremendous amount of foreign debt that it contracted to finance largely the industrial park at Point Lisas. ISCOTT was the largest consumer of that particular debt. So, the Government went and borrowed. Why? Because banks were willing to lend. Banks were willing to lend because banks held the view that Trinidad and Tobago was a very credit-worthy nation. We will repay and it was a safe bet. Also, they were awash with petrodollars. They were recycling the petrodollars from the high prices of oil that the Middle East countries had earned and were simply banking the surplus with those banks abroad, and these banks were simply recycling them to countries willing to borrow. So, we borrowed because the funds were available.

Unfortunately for us, we borrowed—and I want the Minister to understand a little bit of where I am coming from. We borrowed at commercial rates and we borrowed at floating rates of interest. So that when interest rates rose on account of the inflation in the advanced countries, our loans automatically attracted a higher rate of interest.

So from 1982 to '85 what occurred with our foreign reserves is that oil prices fell, debt servicing rose and in three years what was significant and attractive reserve levels simply disappeared. So much so, that by January of 1987 when a new administration came into office, the new Governor of the Central Bank, William Demas indicated that we had minus \$200 million in reserves. What did that mean? It meant, Madam President, that over a short period of four years not only did we have nothing in our coffers, but we owed US \$200 million in bills and we had not a clue as to where we were going to source the funding.

Reserves have a way of declining very quickly—and I will come again to another matter with respect to reserves—not only because we draw down these reserves to pay off the foreign debt and there is a certain hierarchy on foreign debt servicing. IMF

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debt always comes first. Then we have commercial debt coming in second. The multilateral debts are given high priority and so on. So, we do have to honour our international obligations with respect to our debt. Madam President, we also have to finance our capital requirements with our foreign debt.

And what happens when we cannot? You see, when we cannot service our domestic debt, the Government has an opportunity for recourse. It simply will come to a Parliament and ask for an increase in the ability of the Central Bank to extend an overdraft. It is within our power to do that, but the consequence of that is what we have seen in Guyana. We have seen that in Jamaica. We have seen it in Suriname. It is quite a common occurrence when the domestic debt has gotten so great, and the Government needs resources. It does not want to raise taxes. It does not want to allocate tax revenues to debt servicing. What it will do is simply called monetize the deficit—that is, the Central Bank will simply expand overdrafts to the Government and the effect of that is going to be inflationary.

Now there is, therefore, a recourse with the domestic debt. We can use Central Bank financing. It was not available to Greece because Greece did not have a Central Bank; it had a common Central Bank. How was Greece able to wrangle out of its difficulties? Simple. We are not in the Greek position there. Greece could run up its debt and get away with it because the debt it contracted was the debt to commercial banks in France and Germany and those countries were not going to allow the French and the German banks to fail, and so the European Union was going to bail out one of its members. No one is going to do Trinidad and Tobago that favour. So, we are not in as fortunate a position as Greece to actually run our debt up so high expecting some agency to provide a net for us.

How did Greece get there? My concern and I am sure the Minister—and I am glad that the Minister has given me the assurance that he is really going to look at a debt monitoring unit. You see, Madam President, and I know I am talking about the foreign, but it has implications on the foreign. We do not wish to go in the Greek direction. Greece would have started with less than 60 per cent of a debt to GDP ratio. That is a condition for joining the EU. And gradually, surreptitiously, quietly, they would have expanded without transparency; their debt monitoring unit was not functioning. And so, that is how they got to that position knowing that they could be bailed out. Our Minister has indicated that our debt monitoring unit is going to be functioning, and that is going to be critical.

But let me come back now to the foreign debt. While our Central Bank can be called upon—and I hope that never happens in our Republic—to finance Government's deficits, it is the worst-case scenario possible. When we do not

have the reserves to finance our foreign debt obligations, we have two options before us, both palatable. One is to renege like Guyana. To renege you become an outcast. You cannot get foreign loans, the moment you renege, to purchase aspirin or diabetes pills. You do not want to go there. So you never want to renege on a foreign debt.

It is for this reason, Madam President, that countries that run into chronic balance of payments difficulties always have recourse to IMF financing. And the IMF financing is something that we have accessed and the conditions are onerous. They have not changed the conditionalities yet. I hope that at some time we will be able to influence IMF policy. Our foreign policy will have to be so structured that we need to agitate for that because I think they are really onerous and advantageous. They are like that to the poorer countries, but to the middling and the large countries, of course, they turn a blind eye. So there is some inequity; that is just the reality. IMF conditionalities are going to be harsh. And we have had that experience in the 1980s. Our IMF Stand-By Arrangement of '87 started it.

We then had to reschedule in 1992 at the Paris Club. So we have had difficulties in the past in honouring our foreign debt obligations, and the incidence of that difficulty is borne by the poorest segments in our society. It is our duty in this Parliament never to repeat the experience of Trinidad and Tobago's structural adjustment of the 1980s in the 2000s. We have a stock of economic history.

Madam President, it is important to understand, recognize that we are experiencing a decline in commodity prices similar to what occurred in the 1980s. We no longer are experiencing natural gas, Henry Hub \$14 per MMBtu that we saw when China was growing rapidly. We are not seeing oil prices of \$125 a barrel that we saw not so long ago—2013/2014. We saw those prices. We are not seeing those. Therefore, we have to prepare ourselves for a decline in the foreign exchange earning of this country.

11.45 p.m.

The energy sector together with the iron and steel, the urea and so, that accounts by far for approximately 90 per cent of the foreign exchange earnings of this country, and when those prices fall it means that our foreign exchange earnings will fall in tandem. We have to prepare for that. The good thing about Trinidad and Tobago is that after settling our foreign onerous outstanding obligations in the 1990s, from 2000 onwards, we have not had a foreign loan crisis. We have not had a problem where the foreign debt was so great that our earnings of foreign exchange could not honour that debt stock.

We have kept the foreign debt low, and I think it is important for us to keep an eye on that foreign debt. Know how much. Just as in the previous debates, the Minister indicated that we are currently spending some 10 per cent of our recurrent revenue on debt servicing. And I am sure he is sincere when he says he is keeping an eye on that figure. I am sure he does not want to go up to 20 per cent. He may want to keep it at 10 or go maximum 15.

I think the Minister understands the need for that target, and that there should be a trigger system. The moment he has to pay more than that 15 per cent then he knows he is going to have to make some adjustments in the social welfare sector, which he does not want to do.

We need to ensure that we have adequate resources for the myriads of needs for the people of Trinidad and Tobago. But, at the same time we need an assurance from the Minister that he would be looking at our foreign debt stock, and he will make a decision on how much of our annual foreign exchange earnings is he prepared to pay to honour that particular foreign debt. Because, when you have a huge foreign debt and you have to service that debt, it is going to consume resources that you have generated by exporting goods and services, or by inviting foreign investments.

How much of those resources are you prepared to allocate to debt servicing, because we have needs, foreign exchange needs? For investment purposes we have to import goods and services, we have health care needs, we have medicines, we have food, we have a great deal of things that we need to import, a great deal of services that we need to import. And the more we have to pay in foreign debt servicing, then the less we have available for imports.

When, however, there is a huge debt servicing requirement, then we know that given the system we currently have for foreign exchange, we can ration as we have been rationing over the last year and talk about the semblance of a floating rate, or really go into a floating rate regime, and we put the currency at risk. So, the assurance I would like to get from the hon. Minister of Finance is that he has a figure in mind too with respect to the amount of our foreign exchange earnings he is prepared to pay and service our foreign debt.

I know at one time the Prime Minister of Peru, during the debt crisis of the '80, said that his figure was 10 per cent, while his debt was something like 20 per cent. He said, look, all I can afford to pay is 10 per cent I think we need to also set a benchmark target. If we do not, we are going to overborrow internationally based upon banks' willingness to lend, knowing that Trinidad and Tobago

honours. But, once we overborrow and we have to overpay from our foreign flows, what we see is that ultimately the people of Trinidad and Tobago will suffer, either by not getting the foreign exchange that they need when they need it, and I see when in the media we talk about the foreign exchange crisis, we are only talking about business people in this country. And I think it was good of the Governor of the Central Bank to let me know who are the important consumers of the foreign exchange.

We are importing cars and we are importing food, and we are importing medicine. We know who the big buyers are, but a particular concern to me and I did raise the issue with the Minister—he said he was going to find out—does the Government have a policy with respect to foreign exchange availability for the little guy? The person who has an operation abroad, he has sold a lot of barbecue tickets and so on, he needs to get this particular operation, is he going to go to a commercial bank with his medical certificate and say, well, okay, I have come—and the Government says that medical that cannot be done in Trinidad, fine.

What about foreign study abroad? That is normal. We need to expand our capital stock. Can a student who is admitted to a university actually take an estimate of costs, go to the Central Bank and obtain the foreign exchange? The answer is no. The answer is no. And this is something the Government has to address. I was only able to get a thousand Canadian dollars to finance foreign education for one of my own when I need about forty, so I have to do it piece by piece in all the banks. The Government has to ensure that the citizens of this country are not only corporate citizens, they are regular people, individual people, and we do need to ensure that the scarce foreign exchange is also available for them for legitimate needs, for travel needs.

You have to go to New York, we are going to facilitate travel. But, is it that you go to the bank and you can only get US \$500. Not everyone has access to a credit card. Are we going to go back? Are we going to issue a policy that a reasonable limit, either in traveller's cheques or in a bank draft or something, if the bank does not have currency, so that you can get a thousand or US \$2,000 to travel to Miami? And that is for the little people, Madam President. We hear a lot of talk about the big people, all those importers are the big people. I know they import stuff that we use, but there are concerns for the little people as well, and we need to address that.

We need, Madam President, finally, to look to ensure that when we borrow we do not subject ourselves to interest rate shocks again. We have learnt the harsh reality of foreign borrowing from commercial institutions. The Minister has given

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us the assurance with respect to domestic borrowing that as far as it is practical the domestic borrowing will be at concession rates and he will refinance. Is the same going to apply for foreign borrowing? The World Bank? The Inter-American Development Bank? CDB? We would like to exhaust that stock of borrowing and as far as is practical ensure that this one-year kind of financing that we borrowed in the past, with notes that are callable at a moment's notice and so on, expensive money is not something we are going to pursue.

If the money is expensive we have to walk away from that because, Madam President, there is a problem with respect to borrowing that Sen. Mark alluded to, and we need to address it. It does enter into our foreign reserves. And just as when the Government borrows significantly, without much checks and balances for domestic reasons, and a lot of those moneys, as the Minister indicated, went into inefficiency, waste, mismanagement and corruption, and a project that should cost \$500 million is really costing \$1 billion.

We know that when you have a huge amount of moneys for projects and you do not monitor it well, a lot of those moneys can be lost. They do not generate benefit for the people. We do not want it, the Minister does not want it, the Government does not want it.

So, he has given us the assurance that we will be scrutinizing the projects with respect to the Motion on domestic borrowing to minimize wastage, to minimize corruption, and to ensure that we really comply with all the procurement guidelines. We no longer have, Madam President, the flexibility for waste in that way. The economy has changed inexorably.

But, Madam President, the big issue with respect to foreign borrowing is this, when those funds get into our reserves, there are individuals, sensing that our country may be in some kind of difficulty, get into activities where they secure this foreign exchange, not to purchase cars—of all the evils, that is a lesser evil—not to engage in imports, but rather it is called “capital flight”. They lose confidence in Trinidad and Tobago and they find mechanisms to allow them to have foreign currency investments, and you would find that in times of nervousness a number of people seize the opportunity to find ways of using those foreign borrowings, part of our reserves, and it becomes capital flight. We have had that problem. We have seen a lot of capital flight, and when that happens we experience currency instability.

So, another assurance I want to get from the hon. Minister is that, as he borrows and as he expands the stock of foreign debt, he has in his mind a figure for debt servicing beyond which he will put a lid on the foreign borrowing. And,

at the same time, I want to get an assurance from the hon. Minister that, in all his transactions in the international arena, he will at the back of his mind have an issue with stability. That is, under no circumstance is he going to jeopardize our currency, and that he is committed to the stability of the Trinidad and Tobago dollar which has been stable since 1993, and that under his tenure as Minister of Finance, he is committed as all previous Ministers were, to a stable currency and a stable exchange rate.

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

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam President. Just let me answer the last question first. I said it in the budget, I said it outside of this place, and I will say it again, the Government is committed to a stable exchange rate. And, I will say that as many times as is necessary to say it.

With respect to foreign exchange, there are certain realities that one must understand. The level of reserves has fluctuated over the last several years. The reserves, for example, in 2012 were US \$9.2 billion. Reserves, as I stand here today, \$9.6 billion. Now in 2012, what was the oil price in 2012? US \$100 a barrel, maybe US \$105 a barrel in 2012. Yet our foreign reserves, only US \$9.2 billion. The average oil price for the last 12 months, \$50 or so, that we have received in Trinidad and Tobago, yet our foreign reserves today, even with that injection of \$500 million recently in November, is \$9.6 billion. So our foreign reserves now are higher than they were in 2012.

So, foreign exchange is very seasonal, very cyclical. But, there are certain realities that we have to understand. When one looks at the data between 2013 and 2015, and some of it would have been published in that statement that the Governor made on Friday morning, the conversions of foreign exchange in the commercial banking sector in 2013 were of the order of \$5.8 billion. The Central Bank topped that up by approximately \$1.3 billion, showing that the demand for foreign exchange in 2013 was of the amount in the vicinity of say US \$7 billion—7.1.

In 2014, foreign exchange converted in the commercial banks in Trinidad and Tobago was \$5.5 billion. So, it dropped by \$300 million, even though the oil price had already begun to fall by, I think, the third quarter of—second quarter actually; second half of 2014, the oil price had begun to fall. So that the conversions in the local commercial banking sector in 2014, \$5.5 billion. And the way the Central Bank dealt with that was to top it up by about 1.5/1.6 billion dollars. Again, maintaining \$7 billion in foreign exchange. That is Trinidad and Tobago's appetite at this point in time. At this point in time Trinidad and Tobago's appetite for foreign exchange is of the order of \$7 billion.

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So, what has happened this year? The conversions so far, up to, say, the end of November, is of the order of maybe \$4.5 billion. Let us use 4.5.

12.00 midnight

The Central Bank has already put in \$2.5 billion for this year. So that brings it to \$7 billion, again. The Central Bank put \$50 million into the system just a week ago, so that we may round off the year again with a total foreign exchange availability of about \$7.1 billion. The same it has been for 2014 and 2013. But what is happening is that the conversions in the local banking sector are going down. That is only understandable, because commodity prices are falling. So as oil prices are falling, the foreign exchange available from oil and gas is less. You are getting less foreign exchange coming in. So you are getting less conversions. You also have an element of capital flight, because there is absolutely no doubt, there has been a loss of confidence, and anybody who says otherwise is just fooling themselves. There has been a loss of confidence in the foreign exchange system since 2014. That has happened, that is a fact.

So you also have some capital flight where persons believed that there is a storage of foreign exchange, that there may be a movement in the rate so they are exporting their foreign currency or they are simply not converting it, they are banking it abroad. So that is happening as well. And one of the things this Government has to do, is to do whatever is necessary to restore confidence in the foreign exchange system.

Now, in terms of giving a figure as to how much of the foreign exchange earnings the country should allocate to foreign debt servicing, I would not want to give you a number tonight. I hear the request, I understand the point but I would want to do a little more analysis on that before I give you a figure. Okay? I know that our total debt servicing is about 10 per cent of our expenditure, but I would not want to give you a number in terms of the amount of foreign exchange earnings that should be allocated to foreign debt servicing.

I am very familiar with the situation that occurred in 1986/1987. In fact, I was part of a discussion where we had ample foreign reserves and then the foreign reserves just evaporated. They just evaporated. And we got to the point where it went to zero and then we went negative after that and we went into the hands of the IMF. And it certainly is not going to happen under this administration. We are keeping the situation under constant review. We are well above all the international benchmarks at this point in time in terms of foreign reserves. We are way above the international benchmarks. For some reason, you know, there is a

view in Trinidad and Tobago, it is an informal view, that we should have about 11 to 12 months of import cover. But that is not the international benchmark. The common rule of thumb, as I have said, is three months.

Now, we are not aiming for three months. We certainly do not want to have three months import cover. If we had that amount our foreign reserves might be down to as low as US \$3 billion or US \$4 billion. That is not what we want. So that, that is certainly not what we are aiming for. But this matter before the Senate today, we do need to get streams of foreign exchange from foreign loans. We need to put them into the system and we turn that foreign exchange over a long period of time. So you will get foreign exchange coming in from the IDB or one of these agencies, you might drawdown on those funds over a three-or four-year period and then you get 20 years to repay the foreign exchange. And it has always, the Trinidad and Tobago economy has always been able to provide sufficient foreign exchange except for that period in 1985, '86, '87 where there was a crisis. Trinidad and Tobago has always had the capacity to repay the foreign exchange borrowings for infrastructural projects and investment projects and so on. We have always had that capacity. But it is something we have to keep looking at all the time.

Madam President, there is a constant murmur among these two gentlemen in front of me. Just muttering. Could you stop, please? It is late. Now—
[Interruption]

Sen. Mark: “What happen to you, yuh sick or something?”

Hon. Senator: What!

Hon. C. Imbert: Madam President, I call on you, please.

Hon. Senator: At this time of night.

Hon. Senator: Very unparliamentary.

Sen. Mark: But he is constantly harassing people.

Madam President: Sen. Mark, we are almost finished with this sitting. Could you please just let the Minister finish his contribution and listen to what he has to say or just remain quiet, please.

Hon. Senator: Rather disrespectful.

Hon. C. Imbert: Yes. Madam President, and he would not stop. A constant murmur. Rude.

Sen. Mark: I learn that from you.

Hon. C. Imbert: Madam President, I would ask you to ask Sen. Mark to stop, please.

Madam President: Continue, Minister.

Hon. C. Imbert: I wish to answer Sen. Dr. Mahabir, you know, so I think we should set a benchmark. I think there is something that we can discuss. I believe that one of the standing committees deals with finance. I believe so, and if it does not, I am sure we can set up a committee within this Parliament to look at matters such as the management of our foreign debt. This is no secret. I think everybody needs to know and we can put all our collective heads together and we can work out what is a target in terms of a debt to GDP ratio, rather than me as Minister just coming and telling you that we are using the EU standard of 65 per cent, we could put our collective heads together and come up with an acceptable debt to GDP ratio. We can put our collective heads together and come up with an acceptable percentage of foreign exchange earnings that could be allocated to service foreign debt. We can look at the extent of foreign borrowings. I think we can all put our collective heads together. I have absolutely no difficulty with that.

I will look at the current committee system and discuss it with the powers that be and let us see if we can put something in place, even if is an ad hoc committee. Let us see if we can put something in place to look at debt management. And it will help from the rating agencies perspective when Standard & Poor's and Moody's and IMF come to visit Trinidad and Tobago and to look at what we are doing, it would help. If they had the assurance that we had a bipartisan committee or tripartisan as the case may be, looking at debt servicing and looking at debt management.

I would simply want to close by just commenting on a comment made by the hon. Sen. Dr. Mahabir. He said that it was good of the Governor of the Central Bank to let us know who are the users of foreign exchange. It might have been very useful if it was sectoral so that you would say all right, the retail sector is consuming X dollars, the car dealers are consuming Y dollars, the pharmaceutical companies consuming Z dollars. But it was absolutely wrong to state the names of the companies and the amounts and to put all that information into the system.

As I said, I want to repeat I have received many letters expressing outrage and expressing a view, and I am personally not saying here tonight that I have arrived at any view, but this is what had been told to me, that as far as the banks are concerned, as far as the persons who were named are concerned, it was a breach of confidentiality and it has created a loss of confidence in the Central Bank. That

is what I am being told. Because the people are wondering what is next, that if the Central Bank thinks it is correct to name the persons and say how much foreign exchange they have acquired, what happens next? What is the next piece of confidential information that will be disclosed? And it is all, this whole thing is all about confidence. People have to have confidence in the system that their confidential banking information is not going to be disclosed. So I am sorry Sen. Dr. Mahabir, I cannot agree with you. It was not good of the Governor to let us know who are the users of foreign exchange.

Sen. Dr. Mahabir: Respectfully, I disagree with you.

Hon. C. Imbert: Okay. You are free to do that. I think I should now read into the record some of the letters I received. Since you agree, let me tell you the people that disagree.

Madam President, I have in my possession [*Crosstalk*] Senators, Senators, please. Madam President, I have in my possession correspondence—let me read one where the person indicated that they had no difficulty with this letter being revealed. And this is a letter from Smith Robinson. And they are writing me to express their grave concern over the comments made by the Governor on Friday, December 4, 2015. In that address, among other worrisome comments, he publicized the names of 18 firms that were sold foreign exchange by the commercial banks over a period, spanning the last three years.

In calling the names of these firms he referred to our firm much to our shock and surprise. We question the necessity for such a disclosure as well as the Governor's motives. If it was his intention to advise the country as to who purchased foreign exchange, surely it would have been more appropriate to refer to the industries or the sectors rather than calling the names of the firms. We see this as a clear breach of the code of client confidentiality and we are appalled that the Governor resorted this type or action.

Client confidentiality is a fundamental principle in the business of banking, and we believe that the Governor should have known better. While we can only guess as to his motive, it appeared that—

This is just a view, I am reading a letter written to me.

It appears that this action was meant to deflect responsibility away from his office which holds the primary responsibility for managing foreign exchange onto firms which legitimately purchase foreign exchange in order to meet their customer's needs.

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Further, and this is the worrying part.

All of this before that was just a view.

Further, it appears he has breached section 56(1) of the Central Bank Act, as well as sections 8(7) and 55(2) of the Financial Institutions Act.

And therefore, Sen. Dr. Mahabir, I am sorry I cannot agree with you, because we have laws in this country and the laws have provisions and they are there for a purpose. And there are three laws that deal with client confidentiality, Financial Institutions Act, Central Bank Act and Exchange Control Act. And each one of these laws has the same provision in it which says it is an offence to disclose confidential information that was obtained by the entity in the conduct of its business from licensees or their customers. Each one of these Acts has the identical clause in it. Let me repeat:

It is an offence to disclose information obtained about the business of licensees and their customers in the course of business.

So, if you read it you will see the point these people are making that their information is in the banking system, that information is transmitted to the Central Bank. Following one reason or another, the Central Bank gathers the information about the purchases, the transaction of banks and their customers and it keeps this information, and each one of these laws says it is an offence to disclose that information. So those are the facts. I am simply saying what is in this letter. I have many letters like this, each one of them referring to the Central Bank Act, the Financial Institutions Act and some of them also referring to the Exchange Control Act and repeating the sections and saying that in their opinion these sections are being breached.

May I also tell you it is not a civil offence, it is a criminal offence which carries a term of imprisonment. It is a very, very serious matter, Sen. Dr. Mahabir, very serious matter. So that this matter has been drawn to my attention that one of the largest banks in the country, one of importers, one of the largest conglomerates in the country, each one has written me and indicated that in their opinion an offence has been committed. And it will be irresponsible of me, I am not expressing an opinion here tonight, but it will be irresponsible of me not to seek advice as to whether the allegations made have any kind of basis or not. It will be irresponsible of me, having received this correspondence, to just bury my head in the sand, throw it in a drawer and forget about it. So I am telling you here tonight that it was not good. It was not a good idea. This is what has happened after the dissemination of that information.

Sen. Dr. Mahabir: Would the Minister give way?

Hon. C. Imbert: Sure.

Sen. Dr. Mahabir: Hon. Minister, there is a problem with respect to the foreign exchange and that concerns the private citizens. We hear the business community complaining all the time. The information that I got from the Governor indicated to me that the business community was really getting large sums. At the same time, no one is pleading my case as a private citizen where I need CAN \$40,000 and all I can get at a bank is CAN \$1,000.

12.15 a.m.

So in that context it placed the entire allocations in a different perspective, in that maybe the business community is crying a little bit louder than it should and the private citizens, their voices are not being heard. And I was very happy to know that some people are getting \$150 million and I cannot get CDN \$40,000; I could only get \$1,000.

Hon. C. Imbert: Thank you very much. That is not the issue, Sir, and I should just read a paragraph here from another entity:

“While we understand that the Governor may have been seeking to educate the public on the uses of foreign exchange, surely this education could have been accomplished using aggregate industry information instead of disclosing confidential information to the public. We support”—I am not going to name this one here tonight. “We support a public engagement on the appropriate policies and procedures for management of the economy and the challenges currently being experienced with foreign exchange in the country.”

So this entity, one of the largest conglomerates in the country who is a recipient of foreign exchange and was named by the Governor, is saying:

“We support a public engagement on the challenges currently being experienced with foreign exchange in the country.”

But they make the point:

“Disclosing confidential information without approval should not be tolerated.”

And the point I would like to make, I met with the Bankers’ Association a short while ago—last week, I believe—and we spoke about this. We spoke about foreign exchange allocations; we spoke about foreign exchange availability in the system and the point that is being raised, the real problem—you have hit the nail

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on the head, Sen. Mahabir. The real problem is the small man, the person who wants to travel, the person who wants to pay tuition fees for their child abroad, the person who has to travel abroad for medical expenses, the small trader, the small businessman who is trying to get foreign exchange and is experiencing tremendous difficulty. I raised this matter with the banks, because—how much more time do I have?

Madam President: You have until 12.41.

Hon. C. Imbert: Well, I certainly would not go to 12.41. But I want to share something with you because this Government is not about secrecy, and that is why I read out these letters. It is not about secrecy. Another Minister of Finance receiving these letters, complaining about the Governor and accusing the Governor of breaking the law—another Minister of Finance might have put it in his drawer and just hide it. I had no intention of doing that. I have told you what the people are saying—*[Interruption]*

Sen. Mark: You want to get rid of him?

Hon. C. Imbert:—but what I also want to say, in the discussion with the Bankers' Association about—these are all the representatives of the major banks—the foreign exchange problem, I said to them what would be their reaction if they received guidelines with respect to foreign exchange distribution. For example, they should give no customer more than US \$5 million in any quarter or something like that, or they should ensure that people who want to travel receive a reasonable sum of foreign exchange, or that there is a priority system: medical expenses, tuition and so on. I asked them what would their reaction be to that, if guidelines were issued along those lines to make sure that everybody has a fair chance to access foreign exchange, and the immediate reaction was, “Well, that is the old EC1 system.”

And there is some truth in that; that is how the system used to work. When you wanted foreign exchange you filled out a Form E and you went by the Central Bank and they decided whether they gave you foreign exchange or not. But it is based on an allocation system where you apply to the Central Bank. That is what the system was like back in the '80s.

I even remember back in the late '80s when some friends and myself, we were trying to get into a small business to do packaging and we had to import a piece of machinery. I think at that time it would have cost maybe US \$50,000 or US \$20,000. It was not millions. So we applied to the Central Bank in those days—I think it was 1988 or '89, some year like that—for the \$20,000 and they approved

\$5,000. So we asked the then individual in charge of foreign exchange—because they actually had an EC section in the Central Bank and you had to go there and apply and they will make a decision whether they give you foreign exchange or not. And they said, “You could get \$5,000”. So we said, “Well, what ah going to do? Which part of the machine do we import? The motor? The frame? You know, the thing cost \$20,000.” They said, “Well, too bad.” That was it. Business fold up. That is how the system used to work. In other words, we could not go ahead with the business. We would not import the machinery. It was not available here; no business. That is how it used to work.

When the system was liberalized by the PNM in the 1990s, all of these controls were removed. The exchange controls were removed; the Form E was disbanded. No longer you had to go and apply to the Central Bank and then depend on a favour from somebody in the Central Bank as to whether they will give you foreign exchange or not, or they would deem your project or your request to be a good request. Now, it is a liberalized system so you just go to the bank and you apply for your foreign exchange. And that is the system we have had for the last 20 years, where it is an open system, so the banks are not told how to allocate foreign exchange. They simply allocate foreign exchange to the customers and it appears as they see fit.

So I have started the dialogue with them because I said that cannot work. It “cyar” work. They are telling me that the way the system was organized was that in 1993 or ’94, whenever the PNM floated the dollar, that all these exchange controls went out the window and no longer would the Central Bank dictate to them how they allocate foreign exchange, whether it is for trade, whether it is for purchase of an apartment in Miami, whether it is for medicine, whether it is for surgery. It is now up to the discretion of the banks, and I think we need to have a dialogue on that as to whether it should be so, or whether there should not be guidelines.

We do not have a Form E anymore, but should there not be guidelines so that priorities are given to certain types of transactions involving foreign exchange and there is equity in the distribution? And it is not “who yuh know and who yuh friend is” and what contact you have or how much money you have. *[Interruption]* No, I am telling you and I am talking about this openly. I am not hiding anything. I had this discussion with them and we are going to continue. I have agreed to meet with the banks every two months and we will have discussions, and these are some of the things we will discuss.

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But the point I want to make, Madam President, is that is the way how you do it. You know, you start the process of dialogue. You “doh” publish their names in the paper and then they are coming at you and saying that you have committed a criminal offence and that the consequences should fall on you because you have committed a criminal offence. So I am just telling you this is my view.

I am telling you that it is my view that if you want to deal with the foreign exchange problem in Trinidad and Tobago—because recognizing commodity prices have gone down, but the country’s appetite for foreign exchange remains the same, and you do not want to devalue the currency, so you want a stable system where the rate is stable but you want equity in the distribution of foreign exchange—you have to engage in dialogue, and we have to arrive at consensus among all the players in the market, that you are going to introduce a fair and equitable system.

That is the way you deal with the foreign exchange problem, and that is how you build confidence, when you have open, transparent, proper dialogue with people. Not threatening people, not exposing their business, not saying they are involved in terrorist financing and so on. Because “ah geh a letter about dat too”, that at some point in time the Central Bank said they engage in terrorist financing, or implied it. So I am just saying that we are going forward now looking at this foreign exchange situation and we are going to seek to arrive at a new paradigm where there is equity and stability within the system.

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

Madam President: Hon. Senators, I will first put the question on the proposed amendment. Hon. Senators, the question is that the Motion be amended by adding the following words:

And be it further resolved that for the sake of protection of the public interest, that no new procurement to be facilitated by borrowings made possible by this resolution, be effected until a new, more transparent procurement law is fully in effect.

Question, on amendment, proposed.

Question, on amendment, put and negatived.

Question put and agreed to.

Resolved:

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

SEASONS' GREETINGS

The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan): Madam President, before I move the adjournment of the Senate, let me inform hon. Senators that this will be our last sitting before the Christmas holidays. So while it is still early in December it would still be opportune for me to extend seasons' greetings and a Happy New Year to the following people.

Madam President, on behalf of the Cabinet of Trinidad and Tobago, on behalf of my party, the People's National Movement, and on behalf of my family and I, I want to extend seasons' greetings and a Happy New Year to the followings: Starting with you, Madam President, to you and your family, we want to wish you seasons' greetings and a bright and prosperous new year. To my colleagues on the Government Bench, I also want to wish each and every one of you and your family, Merry Christmas and a very bright and prosperous—and I am looking forward to working with you all very diligently in the new year, 2016. To my colleagues on the Opposition Bench, to you and your family also, Merry Christmas and a bright and prosperous New Year, and also to my good friends on the Opposition Bench, seasons' greetings to you. *[Interruption]*

Hon. Senator: Independents.

Sen. The Hon. F. Khan: Well, the Independents, I said, and now the Opposition. Seasons' greetings to you and your family and may you all have a bright and prosperous new year and, you know, focus on building back your party.

Madam President, also to the staff of the Senate, I want to extend, again, our seasons' greetings, Merry Christmas and a bright and prosperous New Year to all of them. To the national community at large, on behalf of the Government, again, I want to wish all citizens of Trinidad and Tobago a Merry Christmas and a bright and prosperous new year.

In closing, Madam President, 2016 we all know will be a challenging year for Trinidad and Tobago but I want to give the assurance that this Government will be prudent, this Government will be thrifty, this Government will be transparent

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and this Government will be accountable. And I want to also give the assurance that this Government will continue to govern with malice to no one and with justice and fair play to all.

So once again, on behalf of the Government side, Merry Christmas and a bright and prosperous New Year to each and every one of you. [*Desk thumping*]

Sen. Wade Mark: Madam President, as we approach this holy season of peace and happiness which is intended to commemorate the birth of one of the world's greatest prophets, I wish to pause and reflect on the true meaning of Christmas.

Christmas is a time for giving and it is always a time for forgiving. It is a time for peace. I need peace. I need peace. [*Laughter*] It is a time for peace. [*Gestures with hand*] It is a time for love and goodwill to all manner of men and women. [*Laughter*]

Madam President, may I, on behalf of my Senatorial colleagues, extend to you and your family a very happy, holy and peaceful Christmas, and even a brighter and prosperous 2016.

May I also take this opportunity on behalf of my Senatorial colleagues, to extend Christmas greetings to all of our hon. Senators and their families on the Government Bench, with the exception of—[*Laughter*]—on the Independent Bench and, of course, my colleagues here.

12.30 a.m.

In all seriousness, I take this opportunity on behalf of our Bench to extend to all our colleagues, everyone, including the hon. Member for Diego Martin North/East and the Minister of Finance, warmest season greetings and a peaceful Christmas.

Madam President, may I, in closing, extend to the workers of the Parliament, the police officers who have protected us, the Marshal, the Hansard Reporters, as well as members of the media who are not present with us here this morning, a happy, holy, joyous and peaceful season.

Thank you very much. [*Desk thumping*]

Sen. Melissa Ramkissoon: Good morning. 'Tis the season to be jolly. Right? Christmas is the best time of the year even at 12.30 in the morning. I could say this. Yes, Christmas is joy, Christmas is cheer, Christmas is laughter. This is one time of the year you could walk through the corridor and hear Christmas carols, you could hear people laughing. Just the joy. [*Laughter*]

So we let our inner light shine ever so bright at this time of the year, and even homes celebrate with beautiful decorations, Christmas trees, great food and great people. And for us, for our loved ones who cherish the memories of loved ones who have passed on during this time of reflection, I urge you to share the joys of time spent together as you keep them with us with their funny stories and loving memories. So we join with the many homes throughout Trinidad and Tobago who celebrate this Christmas season.

We must not forget the reason for the season, as Christmas celebrates the birth of the Lord and Saviour and acknowledge the ultimate sacrifice demonstrated on earth by Jesus dying for the just and unjust, and to allow man to continue to live in unity and provide hope for all. As Luke 2:10 says:

And the angels said unto them, fear not, behold, I bring you good tidings of great joy, which shall be to all people.

One of my work colleagues shared and said this is the one time of the year that we do not like to take leave. It is because you see the smiles, the warm greetings, the exchange of gifts, the Christmas competitions. It is just a time to be happy and all of my enthusiasm will rub off on this Parliament at this time. So this is truly the best time of year, and one of our greatest assets is our people.

So on behalf of the Independent Bench, we would like to take this opportunity to wish all Senators and staff a Merry Christmas and the hon. Minister. You get a special Merry Christmas from us. And as we go and embrace 2016, I wish everyone peace, prosperity and I look forward to seeing you all here in 2016.

I have two more minutes, so go with God's grace and God bless you all.

Thank you. [*Desk thumping*]

Madam President: May I also join with everyone in extending Christmas greetings. Christmas, as we know, is the birth of Christ, and with it my hope for the citizens of Trinidad and Tobago is that this season will represent a renewal of hope and optimism for all in our country as we embark into 2016.

I wish each and every one present here, and your families, a very holy and merry and happy Christmas, a very peaceful Christmas, and I hope that you bring that peace into the Senate in the new year. I wish everyone a happy New Year and I wish you all of God's blessings for 2016.

To the parliamentary staff, we extend our gratitude for all that you have done for us over the last year, and we wish each and every one of the parliament staff a very Merry Christmas and a happy New Year. [*Desk thumping*]

*Adjournment**Tuesday, December 08, 2015***ADJOURNMENT**

The Minister of Rural Development and Local Government (Sen. The Hon. Franklin Khan): Madam President, it is being an honour now and I beg to move that this Senate do now adjourn to a date to be fixed.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 12.36 a.m.