



4th Report

JOINT SELECT COMMITTEE ON

FINANCE AND LEGAL AFFAIRS

on an

Inquiry into

**certain aspects of the National Insurance System of
Trinidad and Tobago**

THIRD SESSION (2017/2018) OF THE 11TH PARLIAMENT

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The Joint Select Committee on Finance and Legal Affairs

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4th REPORT

OF THE

**JOINT SELECT COMMITTEE ON
FINANCE AND LEGAL AFFAIRS**

ON

**AN INQUIRY INTO CERTAIN ASPECTS OF THE
NATIONAL INSURANCE SYSTEM
OF TRINIDAD AND TOBAGO**

Date Laid: HoR: 26.09.2018

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ACRONYMS AND ABBREVIATIONS

Abbreviation	Term
ASTT	Agricultural Society of Trinidad and Tobago
ECA	Employers' Consultative Association
JTUM	Joint Trade Union Movement
NATUC	National Trade Union Centre
NUDE	National Union of Domestic Employees
OWTU	Oilfield Workers Trade Union
NIB	National Insurance Board
NIS	National Insurance System
NIBTT	National Insurance Board of Trinidad and Tobago
NIF	National Insurance Fund
GAP	General Average Premium
MIE	Maximum Insurable Earnings
PAYG	Pay-as-you-go
SEP	Self-employed persons
CR	Contribution Rate

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MEMBERS OF THE COMMITTEE



Ms. Sophia Chote, SC
Chairman



Mr. Clarence Rambharat
Vice Chairman



Dr. Lovell Francis, MP



Mrs. Vidia Gayadeen-Gopeesingh, MP



Mr. Taharqa Obika



Dr. Lester Henry



Mr. Terrence Deyalsingh, MP



Mrs. Cherrie-Ann Crichlow-Cockburn, MP

THE COMMITTEE

COMMITTEE MANDATE AND ESTABLISHMENT

1. Section 66A of the Constitution of the Republic of Trinidad and Tobago declares, that not later than three months after the first meeting of the House of Representatives, the Parliament shall appoint Joint Select Committees to inquire into and report to both Houses in respect of Government Ministries, Municipal Corporations, Statutory Authorities, State Enterprises and Service Commissions, in relation to their administration, the manner of exercise of their powers, their methods of functioning and any criteria adopted by them in the exercise of their powers and functions.
2. Pursuant to the foregoing provision, motions approved in the House of Representatives and Senate on November 13, 2015 and November 17, 2015, respectively, the **Joint Select Committee on Finance and Legal Affairs** was established.
3. Standing Order 91 of the Senate and 101 of the House of Representatives outline the general functions of a Committee of this nature. They are as follows:
 - a. to examine Bills and review all legislation relating to the relevant Ministries, Departments or Bodies or as may be referred to it by the House;
 - b. to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration and operations of the assigned Ministries, Departments or Bodies;
 - c. to study the programme and policy objectives of Ministries, departments or bodies and the effectiveness of the implementation;
 - d. to assess and monitor the performance of Ministries, Departments and Bodies and the manner of the exercise of their powers;

- e. to investigate and inquire into all matters relating to the assigned Ministries, Departments and Bodies as they may deem necessary, or as may be referred to them by the House or a Minister; and
- f. to make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.

SPECIFIC AREAS OF RESPONSIBILITY

- 4. The Joint Select Committee on Finance and Legal Affairs is mandated to inquire into areas related to Finance, Planning, Trade, Tobago Affairs, Office of the Prime Minister, Attorney General, Justice and Legal Affairs as listed in Appendix IV and V of the Standing Orders of the House of Representatives and Senate respectively.

POWERS OF THE COMMITTEE

- 5. Standing Orders 101 of the Senate and 111 of the House of Representatives delineate the general powers of the Committee which include:
 - a. to send for persons, papers and records;
 - b. to sit notwithstanding any adjournment of the House;
 - c. to adjourn from place to place;
 - d. to report from time to time;
 - e. to appoint specialist advisers either to supply information which is not otherwise readily available, or to elucidate matters of complexity within the Committee's order of reference;
 - f. to communicate with any other Committee on matters of common interest; and;
 - g. to meet concurrently with any other Committee for the purpose of deliberating, taking evidence or considering draft reports.

MEMBERSHIP

6. The Committee comprises the following members:
 - i. Ms. Sophia Chote, SC - Chairman
 - ii. Mr. Clarence Rambharat - Vice-Chairman
 - iii. Dr. Lovell Francis, MP
 - iv. Mrs. Vidya Gayadeen-Gopeesingh, MP
 - v. Mrs. Cherrie-Ann Crichlow-Cockburn, MP
 - vi. Mr. Terrence Deyalsingh, MP
 - vii. Dr. Lester Henry
 - viii. Mr. Taharqa Obika

FORMER MEMBERS

7. The following persons served on the Committee during the course of this inquiry:
 - i. Mr. Prakash Ramadhar, MP - Member

SECRETARIAT SUPPORT

8. The following officers were assigned to assist the Committee:
 - i. Mr. Julien Ogilvie - Secretary
 - ii. Ms. Sheranne Samuel - Assistant Secretary
 - iii. Ms. Terriann Baker - Research Assistant
 - iv. Mr. Brian Lucio - Research Assistant

EXECUTIVE SUMMARY

1. At its 16th Meeting held on September 15, 2017, the Committee resolved to pursue an inquiry into certain aspects of the National Insurance System of Trinidad and Tobago. The Committee's decision to examine this issue was propelled by the contents of the Ninth Actuarial Review which indicates inter alia, that, "*NIS funds will be completely depleted in 2029-30 if nothing is modified in terms of contributions or benefits.*"¹; and the fact that two years had elapsed since the submission of the Ninth Actuarial Review.

2. The inquiry process involved gathering and collating oral and written evidence from primary and secondary stakeholders as well as from the public. As far as possible, the Committee ensured that oral and written evidence received were relevant to the terms of reference in the inquiry. In this regard the Committee received evidence from several stakeholders, listed as follows:
 - i. The National Insurance Board of Trinidad and Tobago (NIBTT);
 - ii. The Ministry of Finance;
 - iii. KR Services Limited;
 - iv. Bacon, Woodrow and de Souza Limited;
 - v. The Chamber of Commerce of Trinidad and Tobago;
 - vi. Joint Trade Union Movement (JTUM);
 - vii. National Union of Domestic Employees (NUDE) ; and
 - viii. Agricultural Society of Trinidad and Tobago (ASTT).

3. Based on the evidence received from the stakeholders listed above, the Committee was able to acquire some useful insights into the shortcomings of the National

¹ [http://www.nibtt.net/Downloads/downloads_2015/REPORT_Trinidad_AR2013%20\(June_2015\)_Final.pdf](http://www.nibtt.net/Downloads/downloads_2015/REPORT_Trinidad_AR2013%20(June_2015)_Final.pdf)

Insurance System of Trinidad and Tobago and some of the critical prerequisites for its sustainable development

4. Some of the issues which the Committee took into account were as follows:
 - i. The projected depletion of the NIS fund by 2030 if no measures are put in place to counteract the depletion;
 - ii. The substantial and potentially unaffordable increases that will be needed to NIS contributions if the system continues in its current form without modification;
 - iii. The initiatives which must be pursued in order to make the NIS system sustainable, including: (1) the incremental increase in the retirement age from 60 to 65 years over the period from 2025 to 2060, and (2) the incremental reduction in the benefit scale;
 - iv. The need for NIBTT to increase the value of its international investment portfolio;
 - v. The inclusion of self-employed persons in the NIS system;
 - vi. The number of defaulting employers and the NIBTT's efforts to increase the number of employers who are participating in the NIS; and
 - vii. The need for the NIBTT to make greater use of Internet Communication Technology (ICT) in its interaction with employers and contributors.

SUMMARY OF RECOMMENDATIONS

The following are key recommendations proffered by the Committee:

- 1. the Ministry of Finance should collaborate with the NIBTT to present to the Parliament a strategic plan for addressing the long-term sustainability issues of the NIS;**
- 2. the Ministry of Finance must present its policy position on the recommendation for the Automatic Annual Indexation of maximum insurable earnings and benefit amounts as set out in the 9th Actuarial Review of the NIB;**
- 3. the NIBTT must provide the Parliament with a status report on its preparatory activities related to the implementation of the proposed incremental increase in the retirement age from 60 to 65;**
- 4. That the NIBTT collaborate with the Ministry of Finance with a view to enacting the legislative amendments required to increase the NIBTT's foreign investment limit from 20 percent to 40 percent;**
- 5. The NIBTT (in collaboration with the Ministry of Finance) must provide a status report on the progress made in recovering the debt owed by the CLICO Investment Bank;**
- 6. A status update be provided on the execution of feasibility studies relative to the NIBTT's real estate investments including the Riverwoods Housing Development Project;**

7. Given that real estate investments are a potentially contentious component of the NIBTT's investment portfolio, we recommend that the NIBTT's Investment Policy Statement be modified, with immediate effect, to include a dedicated section on real estate investments;
8. The NIBTT must submit a status update on the progress made in developing a strategy for including the self-employed in the NIS;
9. The NIBTT must collaborate with the Ministry of Labour and Small Enterprise Development with a view to sensitising employers of domestic workers of their obligations under the National Insurance Act;
10. Discussions should be held between the NIBTT and the MoLSED regarding the feasibility of amending the Industrial Relations Act Chapter 88:01 to recognise a domestic worker as a 'worker';
11. A Register of employers of domestic workers should be developed and maintained. Additional Registers of persons employed in the "informal economy" and ought to have National Insurance coverage should also be developed and maintained by the NIBTT;
12. An amnesty or waiver period should be granted to the employers of domestic and agriculture workers to permit those employers who are willing to pay the arrears of contributions to do so without penalty/sanction;
13. The NIBTT and the Ministry of Finance shall reconvene the meetings of the High Level Working Committee and shall submit within three months of the

presentation of this report, a report on its activities/work particularly on the inclusion of self-employed persons in the National Insurance System;

- 14. The Ministry of Finance must increase the technical capacity of staff assigned to monitor state owned/controlled entities such as the NIBTT.**

INTRODUCTION

BACKGROUND

- 1.1. In Trinidad and Tobago, the National Insurance System (NIS) covers wage-earners of all types, irrespective of place and type of employment (including Domestic Workers). Self-employed individuals however, are not covered under this system.
- 1.2. In contrast with private insurance providers, the NIS does not undertake a risk assessment before offering benefits. Instead, NIS pools and evenly distributes risks throughout the population, as the premium payable (contribution rate) by individuals is based only on level of earnings and not on other characteristics that affect the cost of providing benefits. Accordingly, individuals with different risk profiles pay at the same contribution rate².
- 1.3. The compulsory nature of both the contribution and benefits aspect of the system ensures the availability of funds from and for all insured persons, regardless of degrees of risk. Similarly, by pooling contributions from mandatory contributions, the system in theory mitigates the risk associated with covering only low-income workers. The system covers individuals between the ages of 16 and the age of retirement (60-65) who work for an employer.
- 1.4. The National Insurance Board of Trinidad and Tobago was established by the National Insurance Act, Chap. 32:01 (1971) and commenced operations in 1972. The primary role of the NIBTT is to provide social security benefits to the insurable population of Trinidad and Tobago, in accordance with the requirements outlined in

² **E.g.** It is a recognized fact that the life expectancy of women is generally higher than men. Thus, the cost of providing NIS pension to a woman will, on average, exceed that of providing the same pension to a man. However, under the current National Insurance regime the variation in the life expectancy of men and women is not taken into account when contribution rates are determined

the National Insurance Act. Section 3(1) of the Act states that the NIBTT, “shall be a body corporate”. Furthermore, “It is the duty of the Board to operate and manage the system of National Insurance”.

1.5. The NIBTT is administered by a tripartite Board of Directors comprising of equal representation by the Government, Business and the Labour Movement, a Chairman and Executive Director who is an ex-officio member.³

1.6. Section 9 of the Act further states that, “*In the exercise and performance of its functions, powers and duties under this or any other written law the Board shall act **in accordance with any general directions of the Government, given to it by the Minister**; but subject to this section, the Board shall, when exercising and performing its functions, powers and duties, be subject to the control or direction of no other person or authority.*”⁴

OBJECTIVES

1.7. In view of the above, the Committee agreed that its inquiry will be guided by the following objectives:

To examine the recommendations of the Ninth Actuarial Review of the National Insurance Board of Trinidad and Tobago;

- 1. To examine the implementation of the actuarial recommendations of the Ninth Actuarial Review of the NIBTT;**
- 2. To examine the investment policy of the National Insurance Board of Trinidad and Tobago;**
- 3. To understand the trends in income and the relationship to the payment of benefits;**
- 4. To examine plans to increase contribution rates and measures taken to reduce the cost of administering the scheme;**

³ <http://www.nibtt.net/NIBTT/Mangement1.html>

⁴ https://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/32.01.pdf pg. 16

5. To make recommendations to improve the sustainability of the National Insurance System.

CONDUCT OF THE INQUIRY

1.8. The Committee commenced the inquiry with an informal in camera meeting with **KR Services Limited**, a local actuarial firm. This meeting provided the Committee with some preliminary insights into the operations of social security systems such as the NIS.

1.9. At its Meeting held on November 17, 2017, the Committee convened its *first Public Hearing* with the following entities:

- The Ministry of Finance;
- National Insurance Board of Trinidad and Tobago; and
- Bacon, Woodrow and De Souza Limited.

1.10. At its Meeting held on December 08, 2017, the Committee convened its *second Public Hearing* with the following entities:

- The Joint Trade Union Movement;
- The National Trade Union Centre; and
- The Employers' Consultative Association.

1.11. At its Meeting held on January 19, 2018, the Committee convened its *third Public Hearing* with the following entities:

- Agricultural Society of Trinidad and Tobago; and
- National Union of Domestic Employees.

1.12. At its Meeting held on April 13, 2018, the Committee convened its *fourth Public Hearing* with the following entities:

- The Ministry of Finance; and
- National Insurance Board of Trinidad and Tobago.

WRITTEN SUBMISSIONS

1.13. The Committee received written submissions from the following entities/stakeholders:

- i. The National Insurance Board of Trinidad and Tobago;
- ii. KR Services Limited;
- iii. Bacon, Woodrow and de Souza Limited;
- iv. The Ministry of Finance;
- v. The Chamber of Commerce of Trinidad and Tobago;
- vi. Joint Trade Union Movement ; and
- vii. National Union of Domestic Employees.

Recruitment of an Actuarial Consultant

1.14. At a Meeting of the Committee held on January 19th, 2018, it was agreed that the services of an actuarial expert should be procured by the Clerk of the House to provide expert assistance to the Committee pursuant to this inquiry.⁵ It was also agreed that the services of Bacon, Woodrow and de Souza Limited should be sought in relation to this request. Mr. Tim Kimpton, Managing Director and Actuary at Bacon, Woodrow and De Souza initially appeared before the Committee as an expert witness on November 17, 2017.

1.15. Terms of Reference (ToR) for the consultancy is attached as Appendix VI. The contract agreement for the consultancy was signed on April 13, 2018. The Agreement proposed that the consultant will be contracted for a maximum period of 6 months (commencing on March 5th 2018).

1.16. The Minutes of the Meetings during which the public hearings were held are attached as Appendix IV and the Verbatim Notes as Appendix VI.

⁵ Standing Orders 111(e) and 101 (e) of the House of Representatives and Senate respectively, grant Joint Select Committees the power to appoint specialist advisors either to supply information which is not otherwise readily available, or to elucidate matters of complexity within the Committee's order of reference.

SUMMARY OF EVIDENCE, FINDINGS AND RECOMMENDATIONS

OBJECTIVE 1: TO EXAMINE THE RECOMMENDATIONS OF THE NINTH ACTUARIAL REVIEW OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

1. The Ninth Actuarial Review is based on a 50-year projection of NIS contributions, benefits and investment returns. These projections are made based on certain assumptions about the financial and demographic factors that will determine the cost of NIS, e.g. future rates of investment return and the life expectancy of people covered by NIS.
2. The Committee noted that successive Actuarial Reviews of the NIBTT contained similar recommendations to those in the 9th Review. As such, the Committee undertook a comparative analysis of the recommendations set out in the Seventh, Eighth and Ninth Actuarial Reviews. This allowed the Committee to track the rate of implementation of these recommendations. This will be discussed further in the next section.
3. **Appendix II** of the report comprises a summary of the recommendations stated in the last three actuarial reviews. Of note here is one of the key recommendations contained in the report dated June 2007 on the 7th Actuarial Review, which was **that a long-term strategy of either increasing National Insurance contributions or reducing benefit scales needed to be developed to address the shortfall in current contribution rates compared with long-term benefit costs.** Despite the subsequent passage of 11 years this issue has not been addressed and the 9th Review confirms that the same position persists, i.e. the current scale of benefits is only affordable if substantially higher levels of contributions are paid to the NIS in the future.

OBJECTIVE 2: TO EXAMINE THE IMPLEMENTATION OF THE ACTUARIAL RECOMMENDATIONS OF THE NINTH ACTUARIAL REVIEW OF THE NIBTT

Increasing Maximum Insurable Earnings and Contribution Rates⁶

4. The Committee noted that the 9th Review recommended that the contribution rate in conjunction with the maximum insurable earnings be increased to 13.2% and \$13,600 respectively. The Committee observed that the NIBTT had been able to implement some short-term recommendations. In September 2016, both the contribution rate and the maximum insurable earnings (and consequently class limit earnings) were increased from 12% to 13.2% and from \$12,000 to \$13,600 respectively.
5. Written evidence received from the NIBTT indicated that this increase had the immediate effect of increasing the revenue of the NIBTT to meet some of its increasing expenditure.

Automatic indexation of maximum insurable earnings and benefit amounts (Linking Pension Benefits to Inflation)

6. The report recommended that from "March 2017, all system's parameters should be subject to an automatic annual adjustment."⁷ This would include adjustments to:
 - a. Pensions in payment (the "earned part", excluding the minimum pension top-up);
 - b. fixed-rate benefits; and
 - c. the earnings class limits;
 - d. minimum retirement pension;
 - e. maximum insurable earnings.

⁶ Please note that this will be further examined under Inquiry Objective 5.

⁷ See item 3 on p 18 of the Ninth Actuarial Review of the National Insurance System (Trinidad and Tobago) as of 30 June 2013

9. The Committee did not receive any evidence which suggested that the NIBTT had acted to implement this recommendation.

10. It is evident that from the projections, the NIS faces a fundamental and existential problem, in that maintaining benefits at their current (real) levels will require substantial increases to the contributions payable to NIBTT by current and future generations of contributors.

Revision of the Investment Portfolio⁸

11. The Committee noted that the 9th Review recommended that NIBTT should continue its representations for an increase of the limit imposed on overseas investments.

12. The Committee further noted that the NIBTT's adoption of the Investment Policy Statement 2014-2015 positively affected its Investment Portfolio while at the same time reducing the concentration of risk. Written evidence received from NIBTT indicated that the portfolio held significant risk concentration based on its holdings in both Republic Bank Limited and the Royal Bank of Canada, which together accounted for over 24% of the total size of the National Insurance Fund. Under this adjustment, from June 30, 2014 to June 30, 2017, the size of the National Insurance Fund increased marginally by \$2.8 Mn (0.01%).

13. The executive management of the NIBTT emphasized the need for a loosening of the cap on the percentage of the NIB's Fund which may be invested abroad.

⁸ Please note that this topic will be thoroughly examined under Inquiry Objective 3

Alternative Pension Formula

14. The Ninth Actuarial Review recommended a shift away from the current earnings class system to a career average re-valued earnings formula for the calculation of pensions based on percentage of earnings, but the NIB has not implemented the proposed Career Average Formula. Notwithstanding the recommendations of the 9th Review, the Committee also noted that the 9th Review concluded that implementing this new formula will have little overall effect on either global costs or benefit levels. Further, the Committee noted that the associated costs of modifying NIB's administrative systems to facilitate the new benefit formula should be weighed against the expected benefits.

15. The NIBTT by way of submission dated July 17 2018 indicated that it did not anticipate significant costs to be incurred in implementing a Career Average Formula. However, it is estimated that such a change will take the NIBTT at least one year to implement.

16. When questioned on the expected benefits of implementing such a system, the NIBTT cited the following:
 1. administrative ease;
 2. a greater understanding of retirement benefits by ordinary citizens; and
 3. the elimination of inherent inequities in the current system with respect to benefit payments and contributions.

17. This matter was also expected to be revisited in the 10th Actuarial Review.

Reducing the Real Value of the Minimum Pension

18. The Committee noted that the 9th Review recommended that the real value of the minimum pension be reduced incrementally. In particular the review recommended that:
- A. The “earned” part of pensions – (i.e. the pension that would be paid in the absence of the \$3k minimum) should be increased each year in line with the lesser of price inflation and average wage increases. This is the “indexation rate”; and
 - B. Increases to the minimum pension should be half of the rate above.
19. With respect to item (A) above, in a submission dated July 17th 2018, the NIBTT indicated that no progress has been achieved with respect to this recommendation. The NIBTT submitted that:
- “ it [...] does not recommend automatic adjustments to benefits without the establishment of clear funding objectives that also take account of legislative arrangements to support automatic adjustment to the contribution rate and the benefits in the face of sustainability issues...**automatic adjustment for our key parameters (that affect both revenue and expenditure) is the direction that we believe should be explored in the future.** ”
20. This matter is expected to be revisited in the 10th Actuarial Review.
21. The rationale for this is that based on international standards which indicate that a minimum pension between 40% and 80% of the minimum wage is considered appropriate for meeting the basic needs of persons with low earnings. However,

as at June 2018 the NIS minimum pension was \$3,000 per month which represented 115% of the minimum wage of \$2,600⁹ per month.

22. The re-alignment of the minimum pension with the international benchmark would be achieved by an annual partial indexation at 50% of the indexation rate applied to other benefits so that over time inflation would erode the real value of the minimum pension. This would address a second problem brought to the Committee's attention, namely that as the large majority of retirees receive the minimum pension and thus the link between the contributions paid to NIS and the pension received has been largely severed. Reducing the real value of the minimum pension would go some way to repairing this linkage by ensuring that more retirees receive the "earned" NIS pension based on the underlying benefit formula rather than the minimum pension.

Increasing the Retirement Age

23. The 9th Review recommended that the retirement age for an unreduced pension should be gradually increased from age 60 to age 65 over the period from 2025 to 2060. The NIBTT informed the Committee that it intended to implement the gradual increase of the retirement age from 60 to 65 and this would be accompanied by an immediate increase in the joint NIS contribution rate to 15.6% (and after that the joint contribution rate would need to be increased step-by-step to 22.8% of insured earnings). Additionally, this incremental increase was proposed to span a 42-year period with a 7-year wait before the first incremental increase is applied in 2025 and then taking another 35 years to 2060 with the retirement age increasing by one year every seven years.

⁹ \$15 per hour for a 40-hour work week with 52 weeks in the year.

24. The reasons for the proposed increase in the retirement age is as follows:
- i. The increase in life expectancy¹⁰;
 - ii. Declining fertility rate¹¹;
 - iii. Declining labour force [this is linked to item (ii)];
 - iv. The Pay-as-you-Go (PAYG) rate at the end of the projection period would fall from 35.7% to 28.1% of insured earnings; and
 - v. The General Average Premium (GAP) rate applied over the projection period would fall from 23.8% to 19.4% of insured earnings.
25. NIBTT indicated that its reasons for undertaking the increase in the retirement age over a 36-year period commencing from 2025 to 2060 were as follows:
- i. to allow for adequate stakeholder consultations, legislative reform and actual implementation;
 - ii. to allow persons to properly plan their retirement; and
 - iii. to ensure minimal impact on the existing labour force.
26. Additional information submitted by the NIBTT demonstrated that the organisation intends to proceed with implementing the increase of the retirement age. The NIBTT adopted the position that it need not wait on the completion of the 10th Actuarial Review (carded for completion by June, 2018) to proceed with the implementation of the recommendation in the expectation that the 10th Review would reflect many of the findings of the previous Review.
27. Expert advice provided to the Committee suggests that before a change in retirement age is considered, the NIBTT must verify how the reduced pension

¹⁰ According to the latest data from the 2011 Trinidad and Tobago Population and Housing Census Demographic Report, Central Statistical Office, the official life expectancy at birth years for men is 71.41 years and woman is 77.81 (Ministry of Health submission dated 06.07.18)

¹¹ The fertility rate of Trinidad and Tobago as at 2017 was estimated at 1.7. The rate required to keep the population static is 2.1 (Ministry of Health submission dated 06.07.18)

available at age 60 would be calculated. Without this information, it would be difficult to understand the potential impact of this change on future retirees' income if they choose to retire at 60.

28. In contrast, it was noted that other jurisdictions in the Caribbean have implemented an increase of the retirement age over a shorter period. The following table (Table 1) illustrates this finding.

Table 1- Retirement Ages in Other Caribbean Jurisdictions

Country	Period in which Retirement Age was increased
<i>St. Lucia</i>	12 years to increase from 60 to 65
<i>St. Vincent and the Grenadines</i>	12 years to increase from 60 to 65
<i>Antigua</i>	8 years to increase from 60 to 65
<i>Barbados</i>	12 years to increase from 65 to 67 (incremental increase of 6 months every four years)

NB: The following countries all have a retirement age of 65 – Anguilla, Bahamas, Belize, BVI, Turks and Caicos.

29. When questioned as to whether the increase of the retirement age can be implemented over a shorter period, the NIBTT indicated that given the urgency needed to address the long-term sustainability of the National Insurance Fund, the effects of decreasing the implementation period substantially are being examined in the 10th Actuarial Review.

30. It must be noted however that evidence indicated that the Government was yet to accept the recommendation to increase the retirement age. Ultimately, the recommendation cannot be implemented without the agreement of the Executive.

Stakeholders' Perspective on Increasing the Contribution Rate

31. Both the Joint Trade Union Movement and the National Trade Union Centre were of the view that increasing the retirement age was not feasible due to the unwillingness of the working population to accept the recommendation. However, the NUGFW held a view contrary to the JTUM and NATUC. In a *Guardian Newspaper* article published on May 5, 2018, the President of the NUGFW stated that:

"We are of the view that the time has come that the National Insurance Board (NIB) make a recommendation pertaining to carrying the age (to 65), because they are losing money which they cannot afford to pay. Carry the age back to 65 to give some room,"

32. However, the Unions advocated that in the event that the increase in the retirement age must be implemented, it must be subject to collective bargaining and a national referendum. However, the Committee noted that no empirical data was provided to substantiate these perspectives.
33. Conversely, the Employers' Consultative Association submitted that the increase in the retirement age should be implemented over a shorter period as recognised in other Caribbean jurisdictions indicated in Table 1.
34. Relative to the views expressed by the foregoing key stakeholders, the Committee reflected on the fact that the NIS was originally established with a normal retirement age of 65, with no pension being payable on early retirement.

OBSERVATIONS

35. The Committee observed that:

A. It appears that NIS currently operates in a strategic vacuum with no clear long-term objectives being set concerning:

(a) What level of benefits NIS should provide?

Should NIS be the sole provider of retirement pensions in Trinidad and thus replace all other pension provisions (such as employer-sponsored pension plans and personal savings) or should it provide a minimum level of retirement pension for those who have no other source of such benefits?¹²

(b) What level of NIS contributions can current and future generations of employees and their employers reasonably be expected to pay?

Deciding what level of contributions can be sustained in the future is not an actuarial matter but rather a macroeconomic (and political) one, as changes in contributions rates impact the income of both employers and employees. This in turn would impact aggregate demand and other macro-economic conditions.

(c) Who should be covered by NIS?

In this regard consideration should be given to the impact of allowing Public Officers and Private Employees to be included in the NIS pension scheme given that they are eligible to receive pensions in accordance with Section 18 of the Pensions Act¹³. Similarly, the efficacy of allowing employees enrolled in occupational pension plans to “opt out” of NIS should also be explored

¹² Bacon, Woodrow & de Souza Limited (Actuaries and Consultants), page 11, item 5.5

¹³ Ibid page 10, item 5.9

RECOMMENDATIONS

36. The Committee recommends that:

- A. The Ministry of Finance should collaborate with the NIBTT to present the Parliament with a strategic plan for addressing the long-term sustainability issues of the NIS;

- B. The Ministerial Response to this report addresses the policy position of the Ministry of Finance on the recommendation for the automatic annual indexation of maximum insurable earnings and benefit amounts as set out in the 9th Actuarial review. For example, is the Ministry of the view that such a policy should be agreed by Parliament and that thereafter the indexation should be implemented every year without any further Ministerial or Parliamentary input?

- C. The NIBTT shall submit, two (2) months after this Report is laid in either House of Parliament, a status report on its preparatory activities related to proposed incremental increase in the retirement age from 60 to 65. This report should include:
 - i. projections of the size of the NIF relative to increasing the retirement over a shorter period of time;
 - ii. a clear articulation of NIBTT's way forward given the projections;
 - iii. the active steps being taken to urge the Government and the relevant stakeholders to ensure the implementation of the increased retirement age; and
 - iv. the timeline for engaging the Government and stakeholders in respect of item (iii) above.

- D. That the NIBTT collaborate with the Ministry of Finance with a view to enacting the legislative amendments required to increase the NIBTT's foreign investment limit from 20 percent to 40 percent.

OBJECTIVE 3: TO EXAMINE THE INVESTMENT POLICY OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Investment Policy of NIBTT

37. NIBTT's Investment Policy was developed in accordance with the First Schedule of the National Insurance Act, Chapter 32:01 which sets Statutory Limits on the types of securities the NIBTT may invest locally and abroad. According to the First Schedule of the Act:
- "Investments in countries outside of Trinidad and Tobago shall not altogether exceed twenty per cent of the total investment portfolio of the Board."*
38. As per the NIBTT's 2017 Investment Policy, by way of Ministerial approval which was granted on June 30, 2016:
- i. The Investment Committee was granted the authority to approve all investment recommendations valued up to TT\$100 million; and
 - ii. All investment recommendations which exceeds TT\$100 million can only be approved by the Board of Directors
39. Table 2 below provides a comparison of the approved target asset allocation and allowable range according to the Investment Policy Statement (IPS) 2017-2021 and the investment portfolio's actual asset allocation as at June 30, 2017.

Table 2- NIBTT's Investment Portfolio Asset Allocation

Asset Class	Sub-Asset Class	Asset Allocation (30/06/17)		Target Asset Allocation	Allowable Range	Comment
Fixed Income (Local)	Government \ Government Guaranteed	19.75%	32.24 %	33.00%	28% - 40%	Within Range
	Corporate	12.49%				
Fixed Income (International)	Eurobonds	0.87%	0.87%	2.00%	0% - 10%	Within Range
Equities (Local)	Listed	26.39%	36.17%	37.00%	30% - 45%	Within Range
	Unlisted*	9.78%				
Equities (International)	Listed	15.95%	15.95 %	13.50%	5% - 20%	Within Range
Mutual Funds			3.70%	4.30%	0% - 8%	Within Range
Real Estate			1.41%	5.00%	5% -10%	
Equivalents			9.65%	5.20%	2.5% - 1070	Within Range
Total			100%	100%		

*Unlisted Local Equities includes NIBTT's equity investment in its subsidiaries

Investment Risk

40. The NIBTT classified its risk tolerance level as being towards the middle of the risk spectrum, but NIBTT provided no evidence as to where in its consideration the two ends of that spectrum lie. Consequently, the Committee was unable to determine what this means in practice. According to NIBTT's Investment Policy, the organisation recognised the need to adhere to certain self-imposed risk constraints to further mitigate against risks inherent in the active management of an investment portfolio. Some of these risk constraints were:

- i. Concentration Risk;
- ii. Credit Risk;
- iii. Liquidity Risk;

- iv. Market Risk;
 - v. Currency Risk;
 - vi. Operational Risk; and
 - vii. Reinvestment Risk.
41. Two instances in which the NIBTT considered the risk was too high and opted not to pursue an investment opportunity were:
- i. **The Stallion Property Trust Public Offering**
At a meeting held on July 31, 2015, the Board of Directors of the NIBTT agreed that this investment should not be pursued; and
 - ii. **TSTT's \$1Billion 12 Year Fixed Rate Bonds due on 2028 and Tranche 2: TSTT \$0.5Billion 5 Year Fixed Rate Bond due on 2022**
At a meeting held on May 31, 2017, the Board of Directors of NIBTT agreed that this investment should not be pursued.
42. The NIBTT opted not to invest in the Stallion Property Trust Public Offering based on the following:
- i. Lack of independence of the Trust's Board;
 - ii. Reduced Tax payments by Sponsor;
 - iii. Lack of Historical Financial Data;
 - iv. Highly Leveraged Underlying Company; and
 - v. Ability to Service Debt.
43. Moreover, NIBTT opted not to invest in the TSTT \$1Billion, 12 Year Fixed Rate Bonds due in 2028 and Tranche 2: TSTT \$0.5Billion 5 Year Fixed Rate Bond due in 2022 offering, based on the following:
- i. Historical and current operational inefficiencies of the company;

- ii. Management was concerned that TSTT will continue to face high labour costs;
- iii. Declining profitability and net worth;
- iv. Lack of information concerning projected cash flows of the 5-year Strategic Plan;
- v. Heavy reliance on projected profitability to meet future covenant ratios;
- vi. Elements of a weak collateral package;
- vii. Vague and highly subjective return on investment structure; and
- viii. Uncertainty of Cable and Wireless Communication's 49% ownership in TSTT and future impact.

Problematic Investments

44. The Committee noted with concern, the NIBTT's investments in the CLICO Investment Bank (CIB) and the Riverwoods Housing Development Project.

CLICO Investment Bank

45. The Committee learned that the NIBTT had unsecured investments in CLICO. It was noted that the decision to invest in CLICO preceded the current executive management/directorship of NIB. The current management submitted that its records have not indicated that a request was made to the Board of Directors for approval to invest in CLICO Investment Bank (i.e. the placement of short-term deposits/Investment Note Certificates). Instead, the Committee was advised by NIBTT that the "relevant investments in CIB were last made during the period September 2008 to January 2009 and approved by Management" (Litigation ensued)
46. On 27 September, 2011, the NIBTT won its legal action against the CIB. Given that the Bank was placed in compulsory liquidation, the Liquidator was in the process of ensuring that NIBTT receives the following:

- i. TT\$45,200,876 and TT\$6,577,051 principal and interest respectively; and
 - ii. US\$99,652,121 and US\$14,943,218 principal and interest respectively.
47. However, this would be subject to the payment of secured creditors firstly, and thereafter to unsecured creditors such as NIBTT.
48. Minutes of Meetings of the Board indicated that the decision remarkably was not examined and nor was anyone held accountable for making the investment decision.
49. In contrast with the Investment Policy for the period 2003/2004, NIBTT's current Investment Policy (2017-2021) mandates that all investment decisions must be approved by the Investment Committee.

Riverwoods Housing Development Project

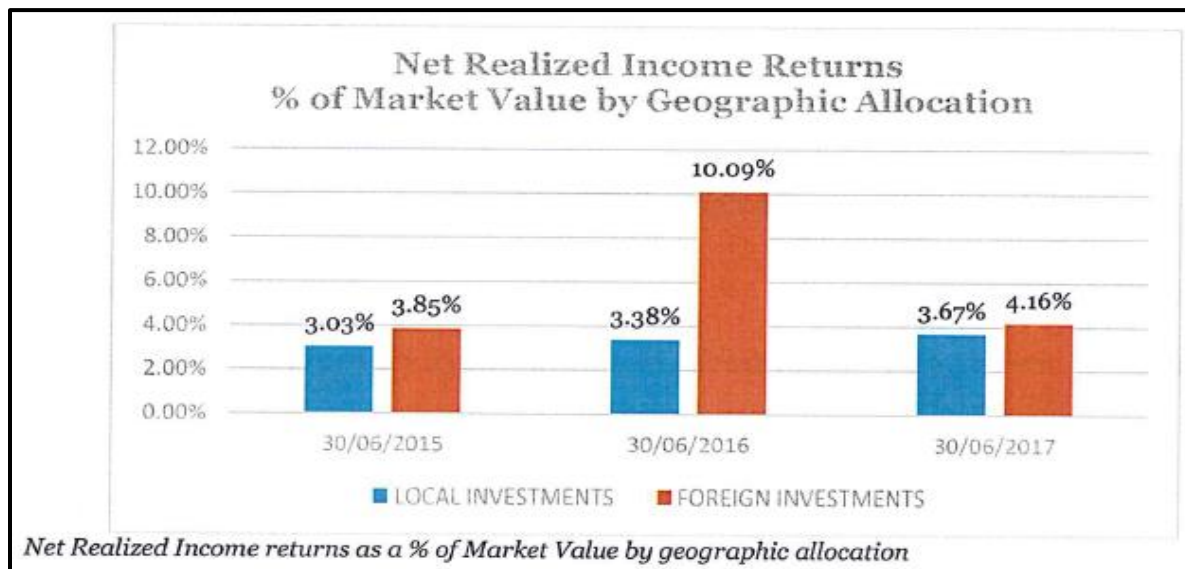
50. In June 2004, the NIBTT agreed to proceed with the Riverwoods Housing Development Project with an estimated budget of \$137 million. It was intended that 255 residential units, comprising of 140 single units and 115 townhouses would be constructed over a period of 3.5 years based on a project start date of July 2004. The project was supposed to yield a net cash flow of \$29.84 million an accounting rate of return of \$21.55 million.
51. The Committee was advised that NIPDEC was engaged as the Project and Construction Manager for the project from the start of the project in 2004 until 2016. NIPDEC was also engaged to provide facilities management services at the Housing Development. However, that arrangement ended in early 2018.
52. As at May 2018, total expenditure attributed to this project was \$212.97 million. In this regard, the evidence received by the Committee indicated that:

- i. The NIBTT downscaled the scope of the project in October 2008, opting to construct 147 residential units (as compared to the initial 255 residential units) and 126 townhouses;
 - ii. 107 residential units sold for \$80.3 million with the remaining 40 units expected to be sold for approximately \$44.77 million; and
 - iii. Construction of the townhouses has not commenced.
53. There is a shortfall between revenue and expenditure of approximately \$87.9 million. The Committee therefore probed the NIBTT as to how the organisation intended to recover the \$87.9 million to at least break-even or make a profit on this project. In response, the NIBTT submitted that it intended to carry out feasibility studies on each of its investment properties and would only make a decision on the remaining townhouses following these studies.

Foreign Investment

54. Section 1B of the First Schedule of the National Insurance Act Chapter 32:01 established the 20% limitation on overseas investments. According to the NIBTT, this limit has continued to stymie the growth of its Investment Portfolio/ Assets. As a result, the NIBTT was lobbying the Ministry of Finance to increase the investment ceiling from 20% to 40%. Additional evidence indicated that favourable communication was received from the Minister of Finance.
55. As at March 31, 2018, NIBTT's overseas investment accounted for approximately 19.09% of the total portfolio i.e. USD\$723.5 million or the equivalent TTD\$4.90 billion.
56. It cannot be disputed that the NIBTT's foreign investments have yielded positive results. According to evidence received, the net realized income as at June 30, 2017 was TT\$936 million, whilst the corresponding figure as at June 30, 2014 was TT\$699 million representing a 34% increase over the past 4 years.

Table 3-Net Realised Income Returns



57. Additionally, the implementation of the increase of the Foreign Investment Portfolio to 40% was estimated to translate into an increase in the value of the overseas investments to approximately US 1.52 billion or TT\$10.26 billion. The NIBTT advised that if the current asset allocation for the foreign portfolio is held constant and the target total return as per the investment policy statement 2017-2018-2021 are both achieved and held constant for the future, then the foreign exposure limit if 40% would be achieved in approximately 10 years. Table 4 below summarises the current and projected foreign investment percentages.

Table 4 Current asset portfolio and projected total portfolio

Asset Class	Current % of Total Portfolio	Target Total Return as per IPS 2017/18 - 2021	Projected % of Total Portfolio in 10 years
Fixed Income (International)	4.17%	6.00%	7.52%
Equities (International)	14.92%	8.00%	32.49%
Total	19.09%		40.01%

58. The increase would also align the NIBTT with the international peer group average for pension funds. Please see Appendix III for a summary of the main pension fund indicators of selected countries and their respective regulatory limits on foreign investments.

RECOMMENDATIONS

59. The Committee recommends that:
- A. In the Ministerial Response to this report, the NIBTT (in collaboration with the Ministry of Finance) must provide a status report on the progress made in recovering the debt owed by the CLICO Investment Bank.**
 - B. The Ministerial Response must include a status update on the feasibility studies relative to the NIBTT's real estate investments including the Riverwoods Housing Development Project. This status update should include details of:
 - i. the cost of undertaking these feasibility studies;**
 - ii. who conducted or has been designated to conduct these studies;**
 - iii. the timeframe for completion (should the studies be in progress).****
 - C. The Ministerial Response must provide the Parliament with specific details on the type, location and value of some of the new or existing foreign securities the NIBTT intends to invest in should the 20% increase in the foreign investment limit be approved.**
 - D. Given that real estate investments are a potentially contentious element of the NIBTT's investment portfolio, we recommend that the NIBTT's Investment Policy Statement be modified with immediate effect to include a dedicated section on real estate investments.**

OBJECTIVE 4: TO UNDERSTAND THE TRENDS IN INCOME AND THE RELATIONSHIP TO THE PAYMENT OF BENEFITS

Disequilibrium between Contributions and Benefits

60. The evidence received by the Committee underscored the need for the transformation of some aspects of the NIS framework to ensure its long-term sustainability. One aspect of the scheme which certainly requires attention is the disequilibrium between contribution income and benefit expenditure.
61. **Table 5** below outlines data sourced from the 9th Actuarial Review of the NIS. The data confirms that it was in fiscal year 2012/2013 that the amount of benefit expenditure exceeded the NIB's contribution income. According to the data, although contribution income gradually increased by **\$581 million** from 2010 to 2013, this increase was offset by a **\$1.3 billion** increase in benefit expenditure in the same period.

Table 5 - Actual Revenue and Expenditure as per 9th Actuarial Review (million TT\$)

Revenue/Expenditure	2010 - 2011	2011 - 2012	2012 - 2013
Contribution Income	2,723	2,822	3,304
Investment Income	2,066	1,051	2,431
Benefit Expenditure	2,295	2,754	3,556
Administrative Expenses	128	141	185

62. **Table 6** represents the initial analysis arising from the 9th Actuarial Review. The projections were based on the pre-increase contribution rate of 12%. Under that condition and taking into consideration the increasing mortality rate, a declining workforce and the use of Investment Income to accommodate the payment of benefits, the depletion of the NIF was anticipated to occur in 2029.

Table 6 Projected Revenue, Expenditure and Assets, 2013-2063 (thousand TT\$)

Year	Revenue			Expenditure			Assets	
	Contribution income	Investment income	Total	Benefits	Administrative expenses	Total	Year-end	Number of times current year's expenditure
2013-14	3,655,281	2,124,478	5,779,759	4,077,783	190,780	4,268,563	25,667,073	6.0
2014-15	4,051,407	2,148,247	6,199,654	4,406,329	199,245	4,605,574	27,261,153	5.9
2015-16	4,239,562	2,199,401	6,438,963	4,870,770	207,892	5,078,662	28,621,454	5.6
2016-17	4,490,574	2,216,965	6,707,538	5,582,243	216,713	5,798,956	29,530,036	5.1
2017-18	4,658,064	2,202,256	6,860,320	5,992,279	225,697	6,217,977	30,172,380	4.9
2018-19	4,858,768	2,161,540	7,020,309	6,493,369	234,836	6,728,205	30,464,483	4.5
2019-20	5,064,045	2,092,130	7,156,175	7,030,691	244,116	7,274,806	30,345,852	4.2
2020-21	5,275,510	1,992,493	7,268,003	7,615,053	253,525	7,868,578	29,745,276	3.8
2021-22	5,493,030	1,899,457	7,392,487	8,230,989	263,176	8,494,165	28,643,598	3.4
2022-23	5,715,772	1,813,029	7,528,801	8,810,703	273,194	9,083,897	27,088,503	3.0
2027-28	6,971,305	840,400	7,811,705	12,115,765	329,136	12,444,900	10,600,257	0.9
2032-33	8,586,868	-1,393,945	7,192,924	16,380,286	396,139	16,776,425	-26,216,525	-1.6
2037-38	10,561,390	-5,697,526	4,863,864	21,934,854	476,692	22,411,546	-96,344,185	-4.3
2042-43	12,770,379	-13,458,152	-687,773	30,031,861	573,981	30,605,842	-222,497,098	-7.3
2052-53	17,960,540	-49,166,032	-31,205,493	52,447,336	832,158	53,279,494	-797,918,926	-15.0
2062-63	26,345,908	-133,481,168	-107,135,260	77,097,554	1,204,128	78,301,683	-2,144,309,135	-27.4

63. **Table 7** takes into consideration the increase of insurable earnings from 12% to 13.2%.

Table 7-Projections for FY2018 – 2027 (All figures in TTD, millions)

Financial Year	Estimated CI \$	Estimated Benefits \$
FY 2018	4,554.66	5,002.98
FY 2019	4,549.43	5,353.19
FY 2020	4,691.21	5,578.72
FY 2021	4,827.23	5,816.34

FY 2022	4,965.42	6,064.21
FY 2023	5,119.77	6,366.55
FY 2024	5,325.21	6,800.79
FY 2025	5,538.61	7,249.54
FY 2026	5,761.78	7,699.39

64. It must be noted that notwithstanding the increase of insurable earnings, evidence received indicated that benefit expenditure will continue to offset Contribution Income. Moreover, it is projected that the Fund will be exhausted by 2030 given the aforementioned circumstances.

Increasing participation in the National Insurance System

65. Section 30 (1) (b) of the National Insurance Act Chapter 32:01 provides for the inclusion of Agricultural and Domestic Workers within the NIS. Notwithstanding, evidence received from the Agricultural Society of Trinidad and Tobago and the Trinidad and Tobago National Union of Domestic Workers, suggests that there was a clear dichotomy between the provisions of the Act and practice.

Domestic Workers

66. According to NUDE, approximately 15,000 domestic workers were covered by the National Insurance scheme. Despite this, a significant proportion of domestic workers experienced difficulties in having their NIS contributions paid by their employers.
67. Although the National Insurance Act provided for the inclusion of domestic workers, the Industrial Relations Act does not identify domestic workers as 'workers'. Arguably, this legislative gap is one factor which has contributed to the

high level of non-payment among employers of domestic workers in relation to the payment of NIS contributions.

68. On the other hand, NUDE indicated that there were defaulting employers who wished to make the necessary NIS contributions on behalf of their employees. The Union recommended that an amnesty be considered whereby these outstanding contributions can be made without sanctions being imposed on the employers. However, the NIBTT indicated that while there were no plans for another amnesty until June 2019, an amendment to the National Insurance Act to waive penalty and interest accrued up to 16 September, 2011 was effected on 29 February, 2012 with special conditions.
69. Additionally, NUDE recommended that the Ministry of Labour and Small Enterprise Development make it mandatory for employers to register domestic workers. This would assist in gathering more information on domestic workers.

Agricultural Workers

70. According to evidence submitted by the ASTT, there were approximately 75,000 – 80,000 farmers/persons involved in the agriculture industry with 0% being involved in the NIS. However, ASTT was unable to verify these figures as the Association did not have access to their records.
71. While there was a provision in the National Insurance Act for farmers to register their employees, there was no existing structure to ensure compliance with the Act. However, the Committee was of the view that farmers with “permanent” employees should ensure that their employees are registered and contributions made. ASTT agreed to disseminate information to its membership regarding this issue.

72. The NIBTT submitted that the organisation would meet with the ASTT to educate its membership on their rights and obligations under the NIS.

73. Some of the non-governmental stakeholders such as the trade unions who appeared before the Committee endorsed the suggestion that increasing the number of people covered by NIS would abate the need to increase NIS contributions. However, expert advice received from the Committee's consultant presented a contrary view. More specifically, the Committee was advised that admitting more people to NIS - whether they are self-employed, domestic workers or agricultural workers - provides a short-term increase in contribution income but also commits NIS to paying additional benefits to those people in the future. Thus if the contributions collected fall short of the amounts that will ultimately be needed to pay the resulting benefits then increasing the covered headcount actually makes matters worse in the long-term.

Self-Employed Persons

74. The NIBTT has been liaising with the Ministry of Finance in an effort to reconvene the meetings of the High Level Working Committee with a view to developing a strategy for the inclusion of self-employed persons in the NIS.

75. A comprehensive design for incorporating self-employed persons into the NIS was developed by the aforementioned Committee in January 2015. This design recognised their unique circumstances and envisioned the categorisation of self-employed persons into earnings classes based on the nature of their occupation

76. In its submission dated July 18th 2018, the NIBTT conveyed that there were approximately 118,400¹⁴ self-employed persons as at 2017. In view of this figure, the NIBTT estimated that it would require an additional 15 Compliance Officers to monitor these self-employed person if they were included in the NIS.
77. The Committee questioned the NIBTT on its proposed strategies for mitigating the inherent challenges of regulating this cohort given that such persons are effectively employee and employer combined and thus have significant scope for determining the level of their own Insured Earnings. In response the NIBTT underscored that two of the main challenges with the administration of self-employed coverage are compliance with respect to registration and contribution payments.
78. In this regard, the NIBTT's plan includes reviewing the average weekly income/earning for each occupational category of self-employed persons principally using data from the Central Statistical Office (CSO) and applying a proposed "System Design" comprising eleven (11) components aimed at promoting compliance among the self-employed who are willing to be included in the NIS. Further details of the NIBTT's proposed "System Design" are at **Appendix IV**.

Employers' Compliance

79. Sections 29 and 30 of the NI Act imposes an obligation on an employer to ensure that his employees and "unpaid apprentices" are registered with the National Insurance Board. A higher level of compliance by employers to these stipulations is imperative to the long-term sustainability of the NIF. The 2017 Employer Survey conducted by the NIBTT indicated that there were 21,342 employers registered with the NIBTT. Of this figure, approximately 17,000 to 18,000 were compliant. This evidently led to the conclusion that approximately 4,000 to 5,000 employers were defaulting on their contributions.

¹⁴ Information sourced from the Central Statistical Office of Trinidad and Tobago by the NIBTT

80. In an effort to determine the precise number of employers who were defaulting on their payments and/or making payments in the incorrect contribution class, the NIBTT indicated that it intended to conduct 8,642 audits in 2018. When compared to 2017 (4,512), this would represent an increase of approximately 4,130 audits (92%).
81. The NIBTT reported that its Compliance Department was operating with 55 out of a total complement of 65 authorised officers. In order for this Department to successfully conduct the aforementioned number of audits (8,642), the NIBTT indicated that an additional 15 officers were required.

RECOMMENDATIONS

82. The Committee recommends that:
- A. The Ministerial Response to this report should include a status update on:**
- i. the efforts made by the NIBTT to employ suitably qualified additional officers for its Compliance Department. This report should also include expected timelines for the recruitment of these officers, the training and orientation strategy and the projected timeframe for the new recruits to assume duties; and**
 - ii. The progress made by the NIBTT in developing a strategy for including the self-employed in the NIS.**

OBJECTIVE 5: TO EXAMINE PLANS TO INCREASE CONTRIBUTION RATES AND MEASURES TAKEN TO REDUCE THE COST OF ADMINISTERING THE SCHEME

Increase in Contribution Rate

83. As was previously mentioned under Objective 2, in September 2016, both the contribution rate and the maximum insurable earnings (and consequently class limit earnings) were increased from 12% to 13.2% and from \$12,000 to \$13,600 respectively.
84. According to the NIBTT, the aforementioned changes extended the life of the NIF by approximately two (2) years.
85. **Table 8** is a schedule of the proposed increases in Contribution Rates (CR) that would apply, in addition to the (very) slow implementation of the increase in the retirement age from 60 to 65 over the period 2025 to 2060 and ensuring the erosion of the real value of the minimum pension by increasing it by only half the rate applied to the “earned” element of pensions. The NIBTT indicated that it was cognisant that the current economic conditions may not be conducive to a further increase in the contribution rate.
86. By submission dated May 11, 2018 the NIBTT indicated that to maintain the joint contribution rate at 15.6% of insurable earnings for the next 50 years, retirement benefit expenditure would need to be reduced by 12%. Alternatively, if no change is made to benefit levels then NIBTT’S projects that the joint contribution rate to NIS will have to be increased as stated in **Table 8** below.

Table 8-Schedule of the proposed increases in Contribution Rates

Year	Contribution Rate
2016-17	13.2%
2017-18	14.4%
2018-19	15.6%
2019-20 to 2021-22	16.8%
2022-23 to 2027-28	18.0%
2028-29 to 2038-39	19.2%
2039-40 to 2051-52	20.4%
2052-53 to 2060-61	21.6%
2061-62 +	22.8%

87. In its submission dated July 17 2018, the NIBTT advised the Committee as follows:

“Assuming that no other reform measure is introduced, except an increase in the contribution rate to 15.6%, all benefits including benefits already in payment as well as existing and future accrued rights will have to be reduced, if the NIS is to remain sustainable. With a reduction in benefits by 12%, our reserves will be exhausted in 50 years. However, further analysis indicate that all benefits (benefits in payment as well as current and future accrued rights) will have to be cut by at least 33% if reserves are to be at least three times benefit expenditure at the end of the review period.

An updated analysis of the extent to which benefits will have to be cut if the current contribution rate is maintained without the introduction of any other reform measure, will be explored in the 10th Actuarial Review”.

88. When questioned on whether the required reduction in benefit expenditure may be achieved through a reduction in the scale of future benefit accruals, the NIBTT submitted that:

“an adjustment to future benefit accruals only will not be enough to achieve sustainability within the 50-year period, if a contribution rate of 15.6% is maintained and if no changes are made to the retirement age. Further, the minimum pension will also have to be reduced”.

89. Notwithstanding the pending results of the 10th Actuarial Review, the NIBTT was of the firm opinion that increasing the Contribution Rate in conjunction with the retirement age were imperative to the long-term sustainability of the NIF. The NIBTT anticipated that the aforementioned combination of adjustments could ensure the sustainability of the NIF for at least 50 years, based on assumptions made during the 9th Actuarial Review.

Trade Unions’ Perspective on Increasing the Contribution Rate

90. Both the Joint Trade Union Movement and the National Trade Union Centre were of the view that before an increase in the Contribution Rate can be considered, the NIBTT must ensure that:

- i. Sufficient and accurate data is collected regarding the number of defaulting contributors ;
- ii. Sufficient and accurate data is collected regarding the number of employers who are deducting contributions and not remitting same to NIBTT;
- iii. Discussions be held with the Ministry of Finance and the Office of the Attorney General to increase the fine imposed on employers who have defaulted on their NIS contribution; and
- iv. Self-employed persons are captured within the NIS.

Cost of Administering the Scheme

91. Evidence submitted by NIBTT indicated that the cost of administering the NIS is well below the standard. The expenditure level in financial year 2015/2016 was 5.3% of contribution income. Financial statements for the 2016/2017 financial year stated that administrative cost decreased to 4.8%, which is below the maximum established limit of 7.5%. Additionally, NIBTT submitted that its administrative cost is one of the lowest in the region.

RECOMMENDATIONS

92. The Committee recommends that:
- A. **The NIBTT collaborate with the Ministry of Labour and Small Enterprise Development with a view to sensitising employers of domestic workers of their obligations under the National Insurance Act;**
 - B. **Discussions should be held between the NIBTT and the MoLSED regarding the feasibility of amending the Industrial Relations Act Chapter 88:01 to recognise a domestic worker as a ‘worker’. This unification of the provisions of the Industrial Relations Act and National Insurance Act may provide more robust protection to this class of employees against unfair treatment.**
 - C. **A Register of employers of domestic workers should be developed and maintained. Additional Registers of persons employed in the “informal economy” and ought to have National Insurance coverage should also be developed and maintained by the NIBTT.**
 - D. **That an amnesty or waiver period be granted to the employers of domestic and agriculture workers to permit those employers who are willing to pay the arrears of contributions to do so without penalty/sanction.**

- E. The NIBTT and the Ministry of Finance shall reconvene the meetings of the High Level Working Committee and shall submit within three months of the presentation of this report, a report on its activities/work particularly on the inclusion of self-employed persons in the National Insurance System.**

- F. As a means of improving its ability to exercise effective oversight over state owned/controlled entities such as the NIBTT, the Ministry of Finance must increase the technical capacity of staff assigned to monitor these entities. In this regard, training and staff development interventions should be directed at employees of the *Investments Division, Ministry of Finance* with a view to equipping them with the tools needed to effectively scrutinise the state enterprise sector.**

The Committee respectfully submits the foregoing for the consideration of the Parliament.

Mrs. Sophia Chote, SC
Chairman

Mr. Clarence Rambharat
Vice-Chairman

Mrs. Vidya Gayadeen-Gopeesingh, MP
Member

Dr. Lovell Francis, MP
Member

Mr. Taharqa Obika
Member

Mr. Terrence Deyalsingh, MP
Member

Dr. Lester Henry
Member

Mrs. Cherrie- Ann Crichlow-Cockburn, MP
Member

September 18, 2018

APPENDICES

APPENDIX I

Table 9. Persons that Entered an Appearance and Provided Oral Evidence

Name of Official	Portfolio	Organisation
Public Hearing held on November 17th 2017		
Ms. Jennifer Lutchman	Deputy Permanent Secretary	Ministry of Finance
Ms. Chintamani Sookoo	Director Agro-based Manufacturing Services Sector (Ag.)	Ministry of Finance
Mr. Suresh Dan	Senior Business Analyst (Ag.)	Ministry of Finance
Mr. Shiva Ramroop	Business Support Analyst	Ministry of Finance
Mrs. Niala Persad-Poliah	Executive Director	National Insurance Board of Trinidad and Tobago (NIBTT)
Mr. Feyaad Khan	Executive Manager, Policy, Planning and Actuarial Services	National Insurance Board of Trinidad and Tobago (NIBTT)
Mr. Navin Rajkumar	Executive Manager, Investments	National Insurance Board of Trinidad and Tobago (NIBTT)
Ms. Sarah Baboolal	Executive Manager, Legal Services	National Insurance Board of Trinidad and Tobago (NIBTT)
Ms. Karen Davis-Holder	Executive Manager, Finance and Accounting (Ag.)	National Insurance Board of Trinidad and Tobago (NIBTT)
Mr. Tim Kimpton	Actuary, Managing Director	Bacon, Woodrow and de Souza Limited
Public Hearing held on December 8th 2017		
Mr. Keston Nancoo	Chairman	Employers' Consultative Association of Trinidad and Tobago
Mr. Neil Derrick	Director	Employers' Consultative Association of Trinidad and Tobago
Mr. Ronald Ramlogan	Team Leader Project and Research	Employers' Consultative Association of Trinidad and Tobago

Name of Official	Portfolio	Organisation
Mr. Watson Duke	President	National Trade Union Centre
Mr. Nirvan Maharaj	2 nd Vice President	National Trade Union Centre
Mr. Michael Annisette	General Secretary	National Trade Union Centre
Mr. Trevor Johnson	Assistant General Secretary,	JTUM
Mr. Peter Bruce	Vice President,	OWTU
Mr. Christopher Henry	President,	SWUTT
Mr. Ashton Cunningham	General Secretary,	FSA
Public Hearing held on January 19th 2018		
Ms. Dhanoo Sookoo	President	Agricultural Society of Trinidad and Tobago
Mr. Mohamed Hallim	Vice President	Agricultural Society of Trinidad and Tobago
Mr. Nazimul Ali	Director	Agricultural Society of Trinidad and Tobago
Ms. Rookmin Singh	President	Trinidad and Tobago National Union of Domestic Employees (NUDE)
Ms. Ida Le Blanc	General Secretary	Trinidad and Tobago National Union of Domestic Employees (NUDE)
Ms. Marian Blackman	Executive Member - Care Giver Organiser	Trinidad and Tobago National Union of Domestic Employees (NUDE)
Ms. Carla Walcott	Executive Member - Grievance Officer	Trinidad and Tobago National Union of Domestic Employees (NUDE)

APPENDIX II

Table 10 - A Summary of the Recommendations of the Seventh, Eighth and Ninth Actuarial Reviews of the NIBTT

7 th Actuarial Review	8 th Actuarial Review	9 th Actuarial Review
<p>1. Increasing the contribution rate in the near future. It is recommended to increase the contribution rate to 11.4% of insurable earnings.</p> <p>2. Ensuring long-term financial equilibrium. It is recommended that a strategy be elaborated to adopt reforms-either by way of increasing contribution income and /or reducing benefit promises- in order that the long-term financial sustainability of the NIBTT be ensured.</p> <p>3. Earnings classes: Indexation for past inflation and review of the system.</p>	<p>1. The total contribution rate for salaried workers should be increased to 12.0 percent for the period January 2013 to December 2017. Contribution income should be allocated to the three benefit funds according to the following proportions:</p> <ul style="list-style-type: none"> • Long-term fund: 89 per cent • Short-term fund: 6 per cent • Employment injury fund: 5 per cent <p>2. Conditional to the conversion of the present earnings class system into a system based on a percentage of earnings, the number of weeks of contributions required for eligibility to the retirement pension could be reduced from 750 to</p>	<p>1. The contribution rate for self-employed persons should be established at 11.2 per cent (10.8 per cent for Long-term benefits and 0.4 per cent for Short-term benefits). This contribution rate should be increased to 12.4 per cent (12.0 per cent for Long-term benefits and 0.4 per cent for Short-term benefits) on 29 February 2016 for consistency with the increase recommended for salaried workers. (Status: Pending)</p> <p>2. The contribution rate (presently at 12.0 per cent of insurable earnings) should be increased to 13.2 per cent on 29 February 2016. In addition, an automatic mechanism should be introduced in the law for the determination of future contribution rates, based on fixed rules and on the results of the most recent actuarial review. (Status: Implemented)</p> <p>3. The investment policy should discuss more extensively and</p>

7 th Actuarial Review	8 th Actuarial Review	9 th Actuarial Review
	<p>260. However, for persons having paid contributions for less than 750 weeks, the minimum pension should be prorated.</p> <p>3. The present earnings class system should be converted into a career average re-valued earnings system. The report presents three possible formulas for such a conversion and indicates a series of criteria that should be considered for their evaluation. It is recommended that the various stakeholders be consulted on those options and the suggested criteria before deciding on the most appropriate option.</p> <p>4. The contribution rate for the SEP fund should be established at 11.2 percent (10.7 percent for Long-term benefits and 0.5 percent for Short-term benefits). Age credits for eligibility purposes should be granted at a rate of 50</p>	<p>provide indications on the risk tolerance of the social security fund, given its long horizon. The NIBTT should continue its representations for an increase of the limit imposed on overseas investments. If an automatic mechanism is adopted for the determination of future contribution rates (see item 4 above), its effect on the NIS cash flows should be considered in the investment policy. (Status: Pending)</p> <p>4. In the context of the revision of the pension formula, it is recommended to adopt a career average revalued earnings method (indexed according to price inflation). Among the three alternative pension formulas presented in the report, it is recommended to adopt Formula 3 which would effect a certain redistribution in favour of persons with low earnings (thus reducing the importance of the minimum pension in the longer term) and would encourage participation to the NIS by rewarding long contribution histories. (Status: no evidence of action taken)</p> <p>5. Contribution income should be allocated to the three benefit funds according to the following proportions:</p>

7 th Actuarial Review	8 th Actuarial Review	9 th Actuarial Review
	<p>contribution weeks for each complete year elapsed between the age of 50 and the attained age of the person at the introduction of these measures (up to a maximum of 6 years of credit). The government should consider the possibility to support (through a direct subsidy) part of the contributions of low-income SEP.</p> <p>5. Before permitting new optional contributions in a new National Insurance Plan, it would be necessary to study the investment instruments already offered by the private sector and the level of their management fees.</p>	<ul style="list-style-type: none"> • Long-term fund: 90 per cent • Short-term fund: 6 per cent • Employment injury fund: 4 per cent <p>(Status: no evidence of action taken)</p>
<p>4. NIBTT proposals to improve long-term benefits including :</p> <p>a. Increase the minimum retirement grant and the minimum survivor's pension to</p>	<p>6. Pensions in payment and fixed-rate benefits (except the minimum retirement pension) should be increased by 52.3 percent in January 2013 to reflect the increase of the CPI since the last actuarial review (Appendix 6 presents the</p>	<p>6. The "earned" part of pensions in payment (i.e. excluding the minimum pension top-up) and fixed-rate benefits should be increased by 13.5 percent on 29 February 2016. At the same time, the maximum insurable earnings should be increased to TT\$13,600. Appendix 5 presents the recommended benefit rates</p>

7 th Actuarial Review	8 th Actuarial Review	9 th Actuarial Review
<p>widow(er)s and parents.</p> <p>b. Modify the earnings basis for the calculation of retirement, invalidity and survivor's pension and to eligibility conditions are not recommended in a piecemeal manner.</p> <p>c. Change eligibility requirements for survivors' benefits and the link between invalidity and retirement are not recommended.</p> <p>5. Pensions in payment: pensions in payment as of 30 June 2005 should be adjusted in line with price inflation that is observed to have amounted to 25% since the Sixth Actuarial Review.</p> <p>6. Minimum retirement pension: Adjustment for</p>	<p>recommended benefit rates). At the same time, the maximum insurable earnings should be increased to TT\$11,800.</p> <p>7. From January 2014, all system's parameters should be subject to an automatic annual adjustment. Pensions in payment and fixed-rate benefits should be adjusted based on the evolution of the CPI and the maximum insurable earnings should be adjusted according to a wage index.</p> <p>8. Reserve objectives to be maintained for each fund should continue to be established as follows:</p> <ul style="list-style-type: none"> • Short-term: 2 times the annual benefit expenditure • Employment injury: 10 times the annual benefit expenditure • Long-term: the remaining excess of income over expenditure 	<p>and contribution schedule. (Status: Partially Implemented)</p> <p>7. The minimum retirement pension should be maintained at its present level of \$3,000 until the beginning of 2017. (Status: Implemented)</p> <p>8. From March 2017, all system's parameters should be subject to an automatic annual adjustment.</p> <ul style="list-style-type: none"> • Pensions in payment (the "earned part", excluding the minimum pension top-up), fixed-rate benefits and the earnings class limits should be adjusted based on the lesser of the rate of inflation and the rate of increase of the national average wage. • The minimum retirement pension should be partially indexed at 50 per cent of the indexation rate applied to other benefits. Full indexation could be applied only once the partial indexation will have taken back the level of minimum pension at an appropriate percentage of the minimum wage. • The maximum insurable earnings should be adjusted according to a wage index.

7 th Actuarial Review	8 th Actuarial Review	9 th Actuarial Review
<p>past inflation and other improvements.</p> <p>7. Improving benefit protection in case of sickness, maternity and employment injury.</p> <p>8. Improving funeral grants. An increase from TT\$4,000 to TT\$5,000 and the awarding or funeral grant not higher than TT\$2,500 at death of insured's spouse and child.</p>	<p>9. Minimum survivors' benefits should be increased as follows:</p> <ul style="list-style-type: none"> • Spouse: \$600 • Child: \$600 • Dependent parent (if both are alive): TT\$300 each • Dependent parents (if only one is alive): TT\$600 • Orphan: \$1,200 <p>10. The maximum duration of maternity benefits should be increased from 13 to 14 weeks.</p> <p>11. The Ministry of Finance and the Ministry of Labour should jointly investigate the extent of the dual compensation for work injuries (Employment injury benefits paid by the NIS and the compensation offered under the WC Act). In addition, the NIB should undertake, in collaboration with the Ministry of Labour, the measurement of the adequacy of compensation offered</p>	<p>(Status: no evidence of action taken)</p> <p>9. Reserve objectives to be maintained for each fund should continue to be established as follows:</p> <ul style="list-style-type: none"> • Short-term: 2 times the annual benefit expenditure • Employment injury: 10 times the annual benefit expenditure • Long-term: the remaining excess of income over expenditure <p>(Status: Pending)</p> <p>10. The retirement age for an unreduced pension should be gradually increased from age 60 to age 65 over the period from 2025 to 2060. Actuarially reduced pensions would be available from age 60. (Status: Pending)</p>

7 th Actuarial Review	8 th Actuarial Review	9 th Actuarial Review
	<p>to injured workers by the existing systems of compensation, particularly for persons with a permanent loss of earning capacity.</p>	
<p>9. Adjustments and improvements related to financial statements.</p> <p>10. Introduction of an automatic indexation mechanism. All NIBTT financial parameters governing benefit be and financing provisions should in future be adjusted every year as well as on a basis that refers to an easily identifiable public index that at a minimum takes account of price inflation.</p> <p>11. Internal actuarial expertise of NIBTT for strengthening NIBTT financial governance. It is recommended that NIBTT</p>	<p>12. Closer links should be established between the Investment Policy Statement and the actuarial review in order to adequately reflect the time-horizon of the system in the determination of the NIBTT asset allocation (taken into account in a new Investment Policy Statement dated June 2012). In addition, the NIBTT should continue its representations for an increase of the limit presently imposed on overseas investments.</p> <p>13. Administrative expenditures of the NIBTT should be allocated by branch according to contribution income and benefit expenditure in equal proportions, until a</p>	<p>11. Section 22 of the National Insurance Act should be reviewed so that the target administrative expenditure level be established with consideration of a more comprehensive analysis of the NIBTT administration components and not only on the actuaries' opinion. The present limit established at 7.5 percent of contribution income should remain the same until the next actuarial review. (Status: Pending)</p> <p>12. Administrative expenditures of the NIBTT should be allocated by branch according to contribution income and benefit expenditure in equal proportions, instead of the present practice which is based on contributions only. (Status: Pending)</p>

7th Actuarial Review	8th Actuarial Review	9th Actuarial Review
<p>permanently integrate an Actuarial Department in its administrative structure.</p>	<p>more accurate system can be developed.</p>	

APPENDIX III

Proposed System for the Inclusion of the Self-Employed in the NIS

Features of the proposed System for the inclusion of the Self-employed in the NIS

- A. The average weekly income/earning so determined will be used by the NIBTT to assign the specific contribution class for each self-employed occupational category.
- B. Review of all assigned contribution classes based on occupational category and income levels (CSO data) shall be undertaken by the NIBTT every 3 years.
- C. A self-employed person once registered shall be assigned a contribution class based on the occupational grouping to which he belongs.
- D. Where a self-employed person can provide adequate proof of his income/earnings (net of business expenses) from self-employment over the 3 calendar months immediately preceding his registration, this information shall be used in determining the contribution class that will be assigned.
- E. A self-employed person will not be at liberty to vary (whether higher or lower) the contribution class assigned without prior approval from the NIBTT. The NIBTT's IT system shall be so designed to flag any contribution payments that are not in accordance with the assigned contribution class.
- F. A self-employed person may make representations to the NIBTT to have his assigned contribution class reviewed based on changes in his income level no less than 12 months following the date of assignment.
- G. Such requests shall be supported by the relevant documentation regarding income change for the 3-month period immediately preceding the date of the application for review.
- H. The NIBTT shall have the sole discretion regarding changes to the contribution class in instances where a self-employed person requests a review of his/her assigned contribution class.

- I. All self-employed persons will be required to maintain a monthly record of their net income as well as records of all seasonal employment or other periods in which no work was performed and no income earned.

- J. A statement which certifies all contributions paid shall be issued to self-employed persons annually.

- K. The NIBTT shall maintain a database of contribution payments on behalf of the self-employed persons.
 - There shall exist a benefit package that is specifically tailored to meet the needs of the self-employed both in terms of the types of benefits and the levels of income replacement.

 - The contribution requirements for each benefit type for self-employed persons takes into account the fact that self-employed persons have a greater level of control over the period for which contributions are remitted on their own behalf.

APPENDIX IV

Minutes of Proceedings

MINUTES OF THE SEVENTEENTH MEETING OF THE JOINT SELECT COMMITTEE ON FINANCE AND LEGAL AFFAIRS, HELD IN CAMERA IN THE A.N.R. ROBINSON ROOM (WEST), LEVEL 9 AND IN PUBLIC IN THE J. HAMILTON MAURICE ROOM (WEST), MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD PORT OF SPAIN ON NOVEMBER 17, 2017

PRESENT

Ms. Sophia Chote, S.C.	Chairman
Dr. Lovell Francis, MP	Member
Mr. Prakash Ramadhar, MP	Member
Mr. Clarence Rambharat	Member

Secretariat

Mr. Julien Ogilvie	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Ms. Aanessa Baksh	Graduate Research Assistant
Ms. Terriann Baker	Graduate Research Assistant
Ms. Simone Yallery	Legal Officer I

ABSENT

Mr. Randall Mitchell, MP	Member
Ms. Marlene Mc Donald, MP	Member

REPRESENTATIVES OF THE MINISTRY OF FINANCE

Ms. Jennifer Lutchman	Deputy Permanent Secretary
Ms. Chintamani Sookoo	Director Agro-based Manufacturing Services Sector (Ag.)
Mr. Suresh Dan	Senior Business Analyst (Ag.)
Mr. Shiva Ramroop	Business Support Analyst

REPRESENTATIVES OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Mrs. Niala Persad-Poliah	Executive Director
Mr. Feyaad Khan	Executive Manager, Policy, Planning and Actuarial Services
Mr. Navin Rajkumar	Executive Manager, Investments
Ms. Sarah Baboolal	Executive Manager, Legal Services

Ms. Karen Davis-Holder

Executive Manager, Finance and
Accounting (Ag.)

REPRESENTATIVE OF BACON, WOODROW AND DE SOUZA LIMITED

Mr. Tim Kimpton

Actuary/Managing Director

COMMENCEMENT

1.1 The Chairman called the meeting to order at 9:52 a.m.

ANNOUNCEMENTS

2.1 The Chairman announced that the other Members were expected to be present.

2.2 The Chairman advised that Mr. Wayne Sturge who served as a Member of the Committee during the First and Second Sessions ceased to be a Senator with effect from September 29, 2017.

2.3 The Chairman instructed the Secretariat to send correspondence to Mr. Sturge, thanking him for his service.

CONFIRMATION OF MINUTES OF THE SIXTEENTH MEETING HELD ON SEPTEMBER 15, 2017

3.1 The Committee reviewed the Minutes page-by-page. No amendments were proposed.

3.2 There being no amendments, a motion for the confirmation of the Minutes was moved by Mr Rambharat and seconded by Mr Ramadhar.

MATTERS ARISING FROM THE MINUTES OF THE SIXTEENTH MEETING

4.1 The Chairman highlighted the following matters arising from the Minutes:

Page 2, item 5.6 – Members confirmed receipt of the list of National Insurance experts.

- **Page 3, item 7.1** – The Chairman advised that the Report on Commercial Banking Fees in Trinidad and Tobago was finalised and would be presented at the Sitting of the House of Representatives later that day – November 17, 2017.

PRE-MEETING DISCUSSION RE: INQUIRY INTO CERTAIN ASPECTS OF THE NATIONAL INSURANCE SYSTEM OF TRINIDAD AND TOBAGO

5.1 The Chairman informed Members of the unofficial meeting with KR Services Limited on Friday October 27, 2017. The Chairman sought Members agreement to adopt the Verbatim Notes of the informal meeting held with KR Services Limited as evidence for the inquiry into the National Insurance System. The Members agreed.

5.2 The Chairman advised Members of the entities invited to appear before the Committee – November 17, 2017:
National Insurance Board of Trinidad and Tobago (NIBTT);
Ministry of Finance;
Bacon, Woodrow & De Souza Limited (Actuaries).

5.3 The Chairman explained that ideally the Committee would meet with these organisations separately, but due to the imminent dissolution of the NIBTT Board on November 29, 2017, the meeting scheduled was amended to accommodate the three entities on the same day.

5.4 The Committee discussed the approach to be adopted for the meeting and agreed that it would engage the organisations in the following order:

- Ministry of Finance
- National Insurance Board of Trinidad and Tobago
- Bacon, Woodrow & De Souza Limited

The Committee would then pose questions to all three (3) entities simultaneously.

OTHER BUSINESS

6.1 The Chairman sought Members views on the date for the next meeting of the Committee, advising that the next regular meeting day of the Committee was December 15, 2017 and offering two (2) other possible date: December 01, 2017 and December 08, 2017.

6.2 The Committee agreed to next meet on Friday December 01, 2017.

6.3 The Committee also agreed that greater consideration would be given to its next inquiry in 2018

SUSPENSION

7.1 The meeting was suspended at 10:19 a.m.

[Members proceeded to the J. Hamilton Maurice Room, Mezzanine Floor]

PUBLIC HEARING WITH OFFICIALS OF THE MINISTRY OF FINANCE, NIBTT AND BACON WOODROW & DE SOUZA LIMITED

- 8.1 The meeting resumed (*in public*) at 10:34 a.m. in the J. Hamilton Maurice Room.
 - 8.2 The Chairman welcomed officials of the Ministry of Finance and introductions were exchanged.
 - 8.3 The Chairman outlined the inquiry objectives.
- MINISTRY OF FINANCE**
- 8.4 An opening statement was made by the Deputy Permanent Secretary (DPS), Ministry of Finance.
 - 8.5 Detailed hereunder are the issues/concerns/queries raised and the responses proffered by the Ministry of Finance:

(i) NIBTT's reporting relationship with the Ministry of Finance

- a) The Committee sought clarification on the nature of the reporting relationship between the NIBTT and Ministry of Finance. The Committee was advised that the NIBTT reports to the Ministry of Finance through the submission of Minutes of Board meetings and the Annual Reports.
- b) The Committee learnt of the limitations faced by the Ministry in exercising oversight of procurement practices of the NIBTT. The Ministry explained that unlike other state enterprises and bodies that are required to submit quarterly and annual reports to the Investments Division, the NIBTT is not similarly obligated.
- c) With respect to instances of unscrupulous conduct, the DPS identified one instance when the Central Audit Committee was directed by the Minister of Finance to investigate the purchases of property by NIBTT. No sanctions were imposed against the management of NIBTT.

(ii) Ministry's perspective on the state of the National Insurance System

- a) The DPS advised that the Ministry had examined the Ninth Actuarial Review. The DPS indicated that one area of the review which is of particular interest to the Ministry was the proposed increase to the retirement age. She further advised that

- a decision on such a matter must be based on consultations with the labour movement and the business sector.
- b) In response to a query concerning the number of recommendations of the 9th Actuarial review which were implemented, the DPS cited an increase in the contribution rate from 12% to 13.2% and the increase in maximum insurable earnings from \$12,000 to \$13,600 which took place in September 2016.
 - c) With respect to the existing regulatory framework of the NIS, the Committee was advised that the National Insurance Act provides relatively stringent guidelines for the investment of funds by the NIBTT. The Investment Committee is a creature of the Act and in this regard, exercises a layer of oversight. This Committee may require the approval of the Minister of Finance for certain investment decisions. The established position was that NIBTT may invest 80% of its assets on the local market and 20% abroad.
 - d) The Ministry highlighted the limited scope of investment opportunities in the local market and suggested that the foreign investment limit be increased by way of legislative amendment. It was suggested that amendments to the Act should include provisions for greater Ministerial oversight by the Ministry of Finance.

NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

8.6 An opening statement was made by the Executive Director of NIBTT on behalf of the Chairman of the Board.

8.7 Detailed hereunder are the issues/concerns/queries raised and the responses proffered by the NIBTT:

(iii) The reasons for the unreliable flow of information from NIBTT to the Ministry of Finance

- a) In response, the Executive Director indicated that on the contrary, the NIBTT was a compliant organisation. She referred to the composition of the Board of Directors which included representatives from Government, Labour and Business. Additionally, the Committee was advised that the NIB had submitted Audited Financial Statements to the Ministry of Finance and the Parliament for the past forty-two (42) years. The Executive Director indicated that the NIBTT had met most, if not all of its statutory obligations.
- b) With respect to the authority of the Minister to exercise adequate oversight of the NIB, the Executive Director underscored that the provisions of Section 9 of the Act gives the Minister the power to give general, as opposed to specific, direction to NIB.

(iv) The NIBTT's investment in the River Woods Housing Development Project

- a) The NIB has been attempting to diversify its investment portfolio through land development. As such, its investment in this project formed part of its investment diversification strategy. The project began around 2003/2004 and aimed to construct 145 single family units together with townhouses and was intended to be a gated community.
- b) The development suffered some delays due to project management challenges. As at November, 2017, the NIBTT had delivered 100 homes with a balance of approximately 49 homes of which approximately 20 were in its closing stages.

(v) Frequency of the re-evaluation of its Investment Strategies/Policies

The NIB reviews its investment strategy every three (3) years. NIB is currently operating with an investment policy for the period 2016 to 2019. However, due to declining economic conditions, the NIB was forced to revisit its strategy with a view to realigning it with the current realities.

(vi) NIBTT's oversight of NIPDEC

- a) NIPDEC is governed by its own Board of Directors. The Chairman of NIB is also Chairman of NIPDEC and other Members of the Board of NIB also serve on the Board of NIPDEC.
- b) The Board of the NIB has recognised that there are corporate governance challenges in relation to the effectiveness of NIB's oversight of its subsidiaries [namely: NIPDEC, Home Mortgage Bank (HMB) and Trinidad and Tobago Mortgage Finance Company (TTMF)]. Consequently, at a recent board meeting a decision was taken to require these subsidiaries to submit quarterly documents to NIB to assist with monitoring.
- c) The Executive Director, NIBTT explained that traditionally, the members of the Board of NIB also served on the Board of NIPDEC. As such, through the strategic appointment of the Board of Directors of its subsidiaries, NIB was able to monitor their operations.
- d) With regard to procurement, the NIB advised that it did not provide any general or specific directions to NIPDEC. However, the NIB was aware that NIPDEC did have a procurement policy.

(vii) The state of the NIB Fund

- a) The 9th Actuarial Review was conducted as at 2013 and was presented to Parliament in 2015. The report reflected on the fact that the population is an

aging population. During her overview of the fund the Executive Director highlighted the following:

- i. The NIB serves approximately 200,000 persons;
 - ii. In 2017 benefit recipients totalled 191, 840 of which 158,000 were long-term beneficiaries
 - iii. The NIB collected approximately \$4.6 Billion in contribution income for 2017 but would have paid out \$4.7 Billion
 - iv. The over 60 age bracket is growing while the 16 to 59 age range was declining
- b) In September 2016, the NIB effected two of the main recommendations contained in the 9th Actuarial Review. Namely:
- i. Increased the contribution rate from 12 per cent to 13.2 per cent; and
 - ii. Increased the maximum insurable earnings from \$12,000 to \$13,600.
- c) If there is no reform the NIB must begin liquidating its assets in 2018/2019. In response to this, the NIBTT indicated that it intends to pursue the following initiatives in the short-term based on the recommendations of the 9th Actuarial Review:
- i. Immediately increase the contribution rate to 15.6%;
 - ii. freeze the minimum pension at \$3,000;
 - iii. gradually increase the retirement age to 65;

(viii) Classification of NIB's investment in Clico Investment Bank as an asset

- a) The NIB was asked to justify why its \$728 Million investment in the Clico Investment Bank was classified as an asset in its financials for the year ended June 2016. The Committee was advised that NIB had made provisions for this investment and discussions were being held with the liquidator.
- b) The Executive Director submitted that the NIBTT's investment decisions are guided by the Investment Act. There are several levels of approvals that were required at the level of management, then at the investment committee, and at the level of the Board. She further advised that overtime, NIBTT had corrected some of the loopholes in its investment policy statement.

BACON WOODROW & DE SOUZA LIMITED

8.8 An opening statement was made by Mr. Tim Kimpton, Actuary and Managing Director of Bacon, Woodrow & De Souza Limited.

8.9 Detailed hereunder are the issues/concerns/queries raised and the responses proffered by Bacon, Woodrow & De Souza Limited:

(ix) Configuration of the National Insurance Benefits

- a) Mr. Kimpton advised the Committee that there were three forms of NIS benefits:
- *long-term branch* which provided pensions on retirement and also invalidity and survivor pensions. This branch accounts for 90% of benefits expenditure.
 - *short-term branch* which dealt with sickness, maternity and funeral benefits; and
 - *employment injury branch*.
- b) He submitted that a closer examination of the 9th Actuarial review would reveal that in 50 years, long-term benefits would account for 97% of the NIS benefit pay-out. He observed that employees were not covered to the full extent of their earnings due to the ceiling on insurable earnings coverage. The contribution has always been shared between employer and employee at a ratio of 2:1

(x) Indexing of Pension Benefit

- a) Mr. Kimpton referred to the strategies proposed in the 9th Actuarial Review for dealing with the \$3,000 per month, minimum pension. He explained that one such strategy was to reduce that real value by indexing it at a lower rate than the indexation of earnings, limits, contributions and benefits. The 9th Actuarial Review recommended that it be indexed at 50 per cent of the full rate rather than to freeze the minimum pension entirely.

(xi) The inadequacy of the current contribution rate

- a) Mr. Kimpton explained the NIS was designed to start with low contribution rates which would escalate over time. The underlying assumption is that “you pay less and hope someone can pay more in the future”. He contended that if the future benefits paid to retirees were based on the actual accumulated value of the contributions made by those retirees, the NIB would need to pay-out \$25Billion in benefits. However, because the amount promised to existing workers is not directly linked to the amount of contributions made (rather there is a fixed minimum pension) the actually promised pay-out as at 2017 is \$75 Billion.

- b) He further explained that NIS contributions must be increased to meet future obligations because previous generations did not pay enough to cover future benefit demands.

(xii) The feasibility of the recommendations of the 9th Actuarial Review

- a) When questioned about the feasibility of implementing the recommendations contained in the 9th Review, Mr. Kimpton suggested that a more relevant question was whether it was advisable to implement them. He posited that their implementation is dubious because the assumptions made within the 9th Review are based on the status quo which is unsustainable.
- b) He called for the articulation of a long-term strategy that clearly sets out the purpose and vision for the National Insurance System. He also suggested that a serious conversation should ensue on what the country is able to afford re: National Insurance.
- c) The future objective of the NIS must be determined. He suggested that we must ask whether (i) Is the NIS going to provide a fewer level of benefits to people who are most dependent on NIS? (ii) Is it going to be the predominant provider of pensions in Trinidad and Tobago, and so squeeze out private saving and occupational pension plans? (iii) Can we afford or are we willing to pay 20 to 25% of earning to NIS?

(xiii) The Administrative Cost of managing/operating the NIS

Mr. Kimpton admitted that he had not examined this matter closely. The Executive Director indicated that the Board of the NIB had set a threshold of 7.5% of contribution income for administrative costs. However in fiscal 2016/2017, the NIB's administrative cost amounted to 4.8% of contribution income.

(xiv) Perspective on NIB's Investment strategies

- a) Mr. Kimpton admitted that as an Actuary his focus would primarily be on the NIB's liabilities as opposed to its assets. However, he indicated that he has found NIB's investment strategy to be a bit narrow, given that it was the biggest investment player on the local market. However, he re-emphasised that one possible ramification of further expansion if NIB may be the elimination of private pension plans and insurance companies.
- b) While he agreed that an increase in the ceiling on foreign investments by the NIBTT was overdue, Mr. Kimpton was sceptical that the NIB would acquire the

level of gains it required to become sustainable given the prevailing low rate of returns on investments.

8.10 The Chairman thanked the officials for their attendance.

[Officials of the Ministry of Finance, NIBTT and Bacon, Woodrow & De Souza Limited exited the meeting room]

Requested information

9.1 During the hearing, the NIB was asked to respond to the following requests in writing:

- i. With respect to the NIBTT's decision to invest in the Clico Investment Bank:
 - a. Has the NIB examined this investment decision?
 - b. What is the status of the investment into Colonial Life Insurance Company Limited (CLICO) and the feasibility of the recovery of invested funds?
 - c. Has anybody been held accountable for making this decision?
 - d. How has the Investment Policy of NIBTT been modified to include checks and balances and eliminate the loopholes which existed at the time of the CLICO investment?
- ii. With respect to the River Woods Housing Development Project
 - e. What has been the total value of the NIBTT's investment in this project as at September 2017?
 - f. How does it compare to the financial expectations that went into the initial investment decision?

9.2 At the conclusion of the hearing all entities who appeared were asked to provide written comments on the statements or the policies advanced by the other groups attending.

Public Announcements

10.1 Before the hearing was adjourned the Chairman took the opportunity to inform the public that the Committee's 3rd Report on an inquiry into commercial banking fees was completed and would be made available to the public via the Parliament's website.

ADJOURNMENT

11.1 The meeting was adjourned at 12: 18 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

November 29, 2017

MINUTES OF THE EIGHTEENTH MEETING OF THE JOINT SELECT COMMITTEE ON FINANCE AND LEGAL AFFAIRS, HELD IN CAMERA IN THE ARNOLD THOMAS MEETING ROOM (EAST), LEVEL 6 AND IN PUBLIC IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD PORT OF SPAIN ON DECEMBER 08, 2017

PRESENT

Ms. Sophia Chote, S.C.	Chairman
Dr. Lovell Francis, MP	Member
Mr. Clarence Rambharat	Member
Mr. Terrence Deyalsingh, MP	Member
Mr. Taharqa Obika	Member

Secretariat

Ms. Sheranne Samuel	Assistant Secretary
Ms. Aanessa Baksh	Graduate Research Assistant
Ms. Terriann Baker	Graduate Research Assistant
Ms. Delrene Liverpool	Legal Officer I

ABSENT

Mr. Prakash Ramadhar, MP	Member (Excused)
Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member (Excused)
Dr. Lester Henry	Member (Excused)

REPRESENTATIVES OF THE EMPLOYER'S CONSULTATIVE ASSOCIATION (ECA)

Mr. Kestin Nancoo	Chairman
Mr. Neil Derrick	Director
Mr. Ronald Ramlogan	Team Leader, Project and Research

REPRESENTATIVES OF THE NATIONAL TRADE UNION CENTRE (NATUC)

Mr. Watson Duke	President
Mr. Nirvan Maharaj	2 nd Vice President
Mr. Michael Annisette	General Secretary

REPRESENTATIVES OF THE JOINT TRADE UNION MOVEMENT (JTUM)

Mr. Trevor Johnson
Mr. Christopher Henry

Mr. Peter Burke

Mr. Ashton Cunningham

Assistant General Secretary
President, Steel Workers Union of
Trinidad and Tobago
Vice President, Oilfield Workers'
Trade Union
General Secretary, Fire Services
Association

COMMENCEMENT

1.2 The Chairman called the meeting to order at 9:52 a.m.

ANNOUNCEMENTS

2.4 The Chairman announced that Dr. Henry, Mr. Prakash Ramadhar and Mrs. Cherrie-Ann Crichlow-Cockburn requested to be excused.

2.5 The Chairman advised that four new Members were appointed to serve on the Committee:

- Dr. Lester Henry in place of Mr. Michael Coppin;
- Mr. Taharqa Obika in place of Mr. Wayne Sturge;
- Mr. Terrence Deyalsingh in place of Ms. Marlene Mc Donald; and
- Mrs. Cherrie-Ann Crichlow-Cockburn in place of Mr. Randall Mitchell.

2.6 The new Members were welcomed to the Committee and the Chairman instructed the Secretariat to send correspondence to former Members of the Committee, thanking them for their service.

CONFIRMATION OF MINUTES OF THE SEVENTEENTH MEETING HELD ON NOVEMBER 17, 2017

3.1 The Chairman invited Members to consider the Minutes of the 17th Meeting held on November 17, 2017 and inquired whether there were any amendments.

3.2 The Committee agreed that the following amendments be made:

- i. Page 3 (5.4) (2), the word "Board" to replace with the word "Boar";
- ii. Page 5 (8.7) (b), the word "directions" to replace with the word "direction"

3.3 There being no further amendments, a motion for the confirmation of the Minutes was moved by Mr Rambharat and seconded by the Chairman.

MATTERS ARISING FROM THE MINUTES OF THE SEVENTEENTH MEETING

- 4.1 The Chairman highlighted the following matters arising from the Minutes:
- **Page 2, item 4.1** – The Chairman indicated that the Report on Commercial Banking Fees in Trinidad and Tobago was presented in the Senate on Tuesday December 05, 2017.
 - **Page 3, item 6.2** – The Chairman advised that the meeting scheduled for Friday December 01, 2017 was rescheduled due to a lack of quorum.
 - **Page 10, item 9.1** – The Chairman informed Members that the letter was dispatched to Chairman, NIBTT and the Secretary was subsequently informed that a new Chairman had been appointed to NIB. The correspondence was redirected to the Executive Director.
- 4.2 The Chairman inquired whether there were any other matters arising from the Minutes.
- Page 3, item 6.3** – The Committee agreed that consideration of the next subject for inquiry would take place at the next meeting of the Committee which would allow the new Members time to consider the list of possible topics and make their own suggestions.

ELECTION OF A VICE-CHAIRMAN

- 5.1 The Chairman invited nominations for the post of Vice-Chairman. Mr Deyalsingh nominated Mr. Clarence Rambharat. The nomination was seconded by Dr. Francis.
- 5.2 There being no further nominations. Mr. Rambharat was declared the duly elected Vice-Chairman of the Committee. The Member was congratulated.

PRE-MEETING DISCUSSION RE: INQUIRY INTO CERTAIN ASPECTS OF THE NATIONAL INSURANCE SYSTEM OF TRINIDAD AND TOBAGO

- 6.1 A discussion ensued on the public hearing to be conducted with the Employers' Consultative Association, the Joint Trade Union Movement and the National Trade Union Centre.
- 6.2 The Chairman outlined the purpose of the inquiry for the benefit of the new Members.
- 6.3 The Chairman also acknowledged receipt of the written submission from JTUM.

- 6.4 The Assistant Secretary was asked to provide Members with the copies of Mr Kyle Rudden's oral submission. The submission was subsequently provided.

OTHER BUSINESS

- 7.1 The Committee agreed that the Chairman would commence the public hearing thereafter the Vice-Chairman would take the chair, once the Chairman took her leave.
- 7.2 The Committee also agreed that the next meeting of the Committee would be held on Friday January 19, 2018.

SUSPENSION

- 8.1 The meeting was suspended at 10:14 a.m.

[Members proceeded to the J. Hamilton Maurice Room, Mezzanine Floor]

PUBLIC HEARING WITH OFFICIALS OF THE ECA, NATUC AND JTUM

- 9.1 The meeting resumed (*in public*) at 10:19 a.m. in the J. Hamilton Maurice Room.
- 9.2 The Chairman welcomed officials of the Employers' Consultative Association, the National Trade Union Centre and the Joint Trade Union Movement. Introductions were exchanged.
- 9.3 The Chairman outlined the inquiry objectives.

EMPLOYERS' CONSULTATIVE ASSOCIATION

- 10.1 An opening statement was made by the Chairman, Employers' Consultative Association.
- 10.2 Detailed hereunder are the issues/concerns/queries raised and the responses proffered by the ECA:

(xv) Contribution rate of the NIS system

- a) The ECA noted that the NIS system was designed and structured to increase contribution rates over time but increases were often resisted. Given that persons were currently unprepared to pay 23 per cent contributions, the Association questioned why would any future generation consider the rate affordable.
- b) Additionally it was indicated that the contribution rate followed the ageing rate, however, consideration was not given to the impact of increasing the retirement age to 65.

- c) The Association informed the Committee that while employers acknowledged that contribution rate increases were inevitable, the level of increase proposed in the Ninth Actuarial Review was generally not supported by its membership.
- d) The Association also acknowledged that any reduction in benefits was likely to be met with significant social resistance. As such the ECA proposed the need for both an affordable contribution rate increase in addition to the rationalisation of the benefits of the NIBTT. These proposed changes must be subject to consultation and tripartite dialogue.

(xvi) Investment Policy and Portfolio of NIBTT

- a) The ECA articulated the need for the reinforcement of the Investment Policy of NIBTT, inclusive of an increased foreign investment ability of more than 25% of the total contribution.
- b) On the matter of the investment decision to purchase Tamnak Thai and Apsara restaurants, the Chairman of the ECA noted that the decision was made by a tripartite Board. However, it was agreed that it was not a wise investment decision.

(xvii) Employers' Compliance

- a) The Committee learnt that employers' compliance was approximately 89.9%. The ECA indicated that enforcement of existing legislation was required to ensure a higher level of compliance. The Committee was informed that the NIBTT had recently established a stakeholder subcommittee of the Board to focus on contribution collection.
- b) The Association indicated that it held orientation and sensitisation sessions, encouraging members to ensure they comply with all statutory regulations inclusive of NIS contributions.
- c) ECA was unsure of the number of employers who were charged for defaulting on their payment to NIBTT, but acknowledged legal action had been taken against some employers.

(xviii) Increase in Retirement Age

The Association's was of the view that the increase in the retirement age to 65 needed to be hastened, as opposed to the gradual approach suggested in the 9th Actuarial Review.

NATIONAL TRADE UNION CENTRE

10.3 An opening statement was made by the President of NATUC.

10.4 Detailed hereunder are the issues/concerns/queries raised and the responses proffered by the National Trade Union Centre:

(i) NIS Contribution rates and benefits

- a) NATUC representatives indicated that contribution and benefits increases were politically motivated not based on the actuarial evaluations. It was stated that there was a disconnect between what is recommended in the Actuarial Reviews and what happens.
- b) Officials also stated that there was need for more holistic data regarding the NIS system, including:
 - i. the number of employers not paying contributions;
 - ii. the number of employers deducting contributions and not remitting to NIBTT;
 - iii. the number of employees not making contributions inclusive of the self-employed.
- c) NATUC also spoke of complaints from its membership who experienced issues in receiving benefits claims from the NIS.
- d) NATUC disagreed with the ECA's proposal of a mix of both an affordable contribution rate increase in addition to the rationalisation of the benefits of the NIBTT.

(ii) Employers' Registration and Contributions

- a) NATUC informed the Committee that there were several employers who were not registered and therefore were not paying NIS contributions. Officials recommended the establishment of a National Register for Employers (inclusive of private doctors, lawyers, etc.).
- b) Representatives of NATUC recommended that the penalty for defaulting on NIS contributions be increased from \$5,000 in order to act as a deterrent and encourage adherence to the legislation.
- c) NATUC Officials disputed the 89.9% employer compliance rate articulated by the ECA.

(iii) Increase in the Retirement Age

- a) NATUC's position was that the increase in the retirement age to 65 was not feasible since the working population was unwilling. Additionally officials indicated that increases in the retirement age formed part of the collective bargaining process for particular groups of persons and/or unions.
- b) The Committee was informed that the possibility of an increase in the retirement age may require a national referendum.

(iv) NIBTT's investment

- a) NATUC emphasised the need to find innovative ways to manage NIB assets and investment portfolio. Officials recommended the creation of an Investment Unit at NIBTT with investment experts to boost NIBTT's investment portfolio.

JOINT TRADE UNION MOVEMENT

10.5 An opening statement was made by the Assistant General Secretary of JTUM.

10.6 Detailed hereunder are the issues/concerns/queries raised and the responses proffered by the Joint Trade Union Movement:

(i) NIS Contribution rate

- a) JTUM officials outlined challenges affecting NIS contributions:
 - i. declining birth rates;
 - ii. falling employment;
 - iii. self-employed persons outside the NIS net;
 - iv. flat investment.
- b) The Committee was informed that in order to maximise NIS contributions there was the need for comprehensive data on the working population to enable the inclusion of as many members of the working population as possible. The need for NIBTT to monitor this aspect of its operations was also emphasised.
- c) Officials indicated that the 'proposed' contribution rate of 36 per cent was not sustainable as a percentage of gross income.

(ii) NIS compliance system

- a) Officials of JTUM expressed the need for NIBTT to improve its oversight of the collection of contributions from employers.
- b) The Committee learnt of complaints of membership regarding deductions from salaries not being reflected in the records of the NIBTT. Officials stated that NIBTT must ensure that employers remit NIS deductions. JTUM maintained that it was the responsibility of the NIBTT to take action against errant employees.
- c) The Committee was informed that there was need for greater efficiency in the administration of the NIS compliance system and the system as a whole.

(iii) Increase in the retirement age

JTUM's position was that increasing the retirement age was a matter which depended on collective bargaining and it should not be imposed externally. The officials also indicated that the retirement age could not be premised solely on financial considerations.

(iv) Investment policy/portfolio of NIBTT

- a) JTUM officials advocated the need to increase the limit for overseas investment.

10.7 At the conclusion of the hearing, the Vice-Chairman invited all entities to make further written submissions after consultations with their respective memberships regarding the matter National Insurance System.

10.8 The Chairman thanked the officials for their attendance.

[Officials of the ECA, NATUC and JTUM exited the meeting room]

ADJOURNMENT

11.1 The meeting was adjourned at 12: 02 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

January 17, 2018

MINUTES OF THE NINETEENTH MEETING OF THE JOINT SELECT COMMITTEE ON FINANCE AND LEGAL AFFAIRS, HELD IN CAMERA IN THE ARNOLD THOMAS MEETING ROOM (EAST), LEVEL 6 AND IN PUBLIC IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD PORT OF SPAIN ON JANUARY 19, 2018

PRESENT

Ms. Sophia Chote, S.C.	Chairman
Mr. Clarence Rambharat	Vice-Chairman
Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member
Mr. Terrence Deyalsingh, MP	Member
Dr. Lester Henry	Member
Mr. Taharqa Obika	Member

Secretariat

Mr. Julien Ogilvie	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Ms. Aanessa Baksh	Graduate Research Assistant
Ms. Simone Yallery	Legal Officer I

ABSENT

Mr. Prakash Ramadhar, MP	Member (Excused)
Dr. Lovell Francis, MP	Member

REPRESENTATIVES OF THE AGRICULTURAL SOCIETY OF TRINIDAD AND TOBAGO (ASTT)

Ms. Dhanoo Sookoo	President
Mr. Mohamed Hallim	Vice-President
Mr. Nazimul Ali	Director
Mr. Ryan Rampersad	Director

REPRESENTATIVES OF THE TRINIDAD AND TOBAGO NATIONAL UNION OF DOMESTIC EMPLOYEES (NUDE)

Ms. Ida Le Blanc	General Secretary
Ms. Marian Blackman	Executive Member- Care Giver Organiser
Ms. Carla Walcott	Executive Member- Grievance Officer

COMMENCEMENT

1.3 The Chairman called the meeting to order at 9:43 a.m.

ANNOUNCEMENTS

2.7 The Chairman announced that Mr. Ramadhar requested to be excused.

CONFIRMATION OF MINUTES OF THE EIGHTEENTH MEETING HELD ON DECEMBER 17, 2017

3.1 The Chairman invited Members to consider the Minutes of the 18th Meeting held on December 17, 2017 and enquired whether there were any amendments.

3.2 The Committee agreed that the following amendments be made:

- iii. Page 5 (10.2) (iv), the word "Association" to replace with the word "Association's";
- iv. Page 8 (10.8), the word "Vice-Chairman" to replace with the word "Chairman".

3.3 There being no further amendments, a motion for the confirmation of the Minutes was moved by Mr Deyalsingh and seconded by Mr. Obika.

MATTERS ARISING FROM THE MINUTES OF THE EIGHTEENTH MEETING

4.1 The Chairman highlighted the following matters arising from the Minutes:

- **Page 2, item 2.3** – The Chairman indicated that letters were dispatched to the former Members of the Committee thanking them for their service.
- **Page 8, item 10.7** – The Vice-Chairman advised that no further submissions were received from the trade unions and association which appeared before the Committee at the last meeting.

CONSIDERATION OF WORK PROGRAMME AND DETERMINATION OF THE NEXT TOPIC/ISSUE OF INQUIRY

5.1 Members agreed that the next topic of inquiry would be waste management.

5.2 The Chairman drew Members attention to the draft inquiry proposal into Waste Management. Members agreed to provide feedback on the draft inquiry proposal and the proposed list of stakeholders via email.

PRE-HEARING DISCUSSION RE: INQUIRY INTO CERTAIN ASPECTS OF THE NATIONAL INSURANCE SYSTEM OF TRINIDAD AND TOBAGO

- 6.1 The Chairman advised that representatives from the Trinidad and Tobago National Union of Domestic Employees and the Agricultural Society of Trinidad and Tobago were invited to appear before the Committee. The Chairman stated that the Medical Association of Trinidad and Tobago was also invited but would not be appearing.
- 6.2 A discussion ensued on the stakeholders for the inquiry.
- 6.3 The Chairman enquired whether Members were in receipt of the written submission received from NUDE. The Members were in receipt of the submission.
- 6.4 The Committee also agreed that the next meeting of the Committee would be held on Friday February 16, 2018, when the Committee would re-engage the NIB.
- 6.5 Additionally, Members agreed that a request should be made through the Secretary for the recruitment of an actuarial or National Insurance expert to assist the Committee moving forward. In this regard, it was recommended that the services of Bacon, Woodrow & de Souza Limited should be procured to assist the Committee with the remainder of the inquiry.

SUSPENSION

- 7.1 The meeting was suspended at 10:25 a.m.

[Members proceeded to the J. Hamilton Maurice Room, Mezzanine Floor]

PUBLIC HEARING WITH OFFICIALS OF NUDE AND ASTT

- 8.1 The meeting resumed (*in public*) at 10:36 a.m. in the J. Hamilton Maurice Room.
- 8.2 The Chairman welcomed officials of the Trinidad and Tobago National Union of Domestic Employees and the Agricultural Society of Trinidad and Tobago. Introductions were exchanged.
- 8.3 The Chairman outlined the inquiry objectives.

AGRICULTURAL SOCIETY OF TRINIDAD AND TOBAGO

- 9.1 An opening statement was made by the President, ASTT.
- 9.2 Detailed hereunder are the issues/concerns/queries raised and the responses proffered by the ASTT:

(i) Proposal to NIBTT

The Committee learnt that the ASTT submitted a proposal to the NIBTT focused on the inclusion of farmers in the NIS system. Two meetings were held subsequently with officials of NIBTT. There was no feedback or follow-up discussion since this time.

(ii) Farmers and the NIS system

- a) The ASTT indicated that there were approximately 75, 000 – 80, 000 farmers/persons involved in the agriculture industry. The Committee was informed that of this number, 0 per cent were involved in the NIS system.
- b) There are both permanent and part-time employees involved in the agriculture sector.
- c) While there is a provision in the National Insurance Act for farmers to register their employees, there was no existing structure that ensured that that this process took place. However, the Committee was of the view that farmers with permanent employees should ensure that their employees are registered and contributions made. ASTT agreed to disseminate information to its membership regarding this issue.
- d) The Association emphasised the need to capture all employees in the agriculture sector, inclusive of CEPEP workers seeking employment on farms.
- e) Officials of the ASTT stated that in most cases, employees of farmers were not provided with a written contract, rather verbal arrangements existed.
- f) An official of the Association suggested making participation in the NIS system voluntary. The Committee indicated that it was something to be considered.

(iii) Issues affecting the efficiency and effectiveness of ASTT

- a) The Committee was informed that the Association was hampered in its work by its inability to access its database and files since late 2013.
- b) The assets of ASTT were seized by the landlord of its Chaguanas office due to the non-payment of rent in excess of two (2) years. The Committee further learned that funds were not released to the Association by its line Ministry, the Ministry of Agriculture, Land and Fisheries to facilitate the payment of the outstanding debt.

- c) The Association indicated that currently inaccessible information such as the database of farmers was crucial to its proposal for the inclusion of farmers in the NIS system.
- d) The ASTT has also experienced difficulty at its present location, due to a lack of office equipment to carry out day to day functions.

TRINIDAD AND TOBAGO NATIONAL UNION OF DOMESTIC WORKERS

9.3 An opening statement was made by the General Secretary, NUDE.

9.4 Detailed hereunder are the issues/concerns/queries raised and the responses proffered by the NUDE:

(i) Service Workers Cooperative

- a) NUDE established a Service Workers Cooperative, which is essentially an employment agency for domestic workers. The Cooperative is also responsible for making NIS payments on behalf of its members. An additional cost is charged to the employer in order to cover the NIS payment.
- b) The Union officials indicated that NUDE would like to secure a contract with an entity such as the Trinidad and Tobago Housing Development Corporation, which would allow it to employ persons on a continuous basis.
- c) There were thirty-five (35) workers involved in the Cooperative, at the time of the hearing.

(ii) Collaboration with the International Labour Organisation (ILO)

The Committee learnt that the ILO has provided support to the Union in the form of training for its membership.

(iii) Development of standards for domestic workers

Officials of NUDE indicated they met with the National Training Agency (NTA) and developed standards for domestic workers. The Union was awaiting feedback from the NTA on whether the standards were approved and adopted.

(iv) Membership of NUDE

The Committee was informed that there were approximately five hundred (500) members in the Union. The Union is based in Trinidad with members dispersed throughout the island. Most of the membership is from Arima, where the Union is based.

(v) Representation of domestic and low-income workers

- a) Union officials stated that domestic workers were covered under the Minimum Wages (Household Assistants) Order. As such, the Union would represent domestic and low-income workers at the Ministry of Labour and Small Enterprise Development and the Industrial Court when issues of non-compliance in the payment minimum wage arise.
- b) The Committee learnt that there was no established mediation procedure for the settlement of disputes between the employers of Domestic workers and employees. The Union agreed that this would be a useful mechanism to adopt.

(vi) Domestic workers covered by the NIS

The Committee was informed that there were approximately 15, 000 domestic workers covered by the National Insurance scheme.

(vii) Employer amnesty - NIS contributions

For employers who have defaulted on NIS contributions for their employees over a number of years but would like to rectify the situation, the Union recommended an amnesty.

(viii) Education and outreach

- a) The Committee learnt that NUDE established a programme entitled 'Workers know your rights' for which it was able to access training from the NIBTT.
- b) The Union also engaged in outreach activities in communities with a high concentration of domestic workers.

(ix) Service Vouchers

Based on research conducted by the ILO, the Union recommended the use of Service Vouchers for irregular domestic workers and even agricultural workers. Service Vouchers would be purchased by the employer from the NIS. The

vouchers would act as a form of payment that can be redeemed at the NIBTT or relevant agency. The voucher would also serve as proof of employment.

(x) Non-national domestic workers

- a) Union officials indicated that domestic workers, covered under the CSME, were employed in Trinidad and Tobago. These employees, via a special form would be registered and contribute to the NIS system. Officials were unclear on how the filing of claims and the disbursement of benefits would work for his category of domestic worker.
- b) Regarding domestic workers from South American countries, the Committee was informed that the language barrier prevented engagement.

(xi) Industrial Relations Act

- a) The Committee noted that the Industrial Relations Act did not recognise domestic workers as workers. This has created issues particularly with regard to dismissals.
- b) ILO Convention 189 outlines the protection of domestic workers and since 2011, the Union has called on the Government to ratify the convention in addition to putting measures in place to amend the Industrial Relations Act to recognise domestic workers as workers.
- c) The Union indicated that it contributed to the consultation on amendments to the Act.

(xii) Register of domestic workers

The Union recommended that the Ministry of Labour and Small Enterprise Development make it mandatory for employers to register domestic workers. This would assist in gathering more information on domestic workers.

9.5 The Chairman thanked the officials for their attendance.

ADJOURNMENT

10.1 The meeting was adjourned at 12: 02 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

March 15, 2018

MINUTES OF THE TWENTY-FIRST MEETING OF THE JOINT SELECT COMMITTEE ON FINANCE AND LEGAL AFFAIRS, HELD IN CAMERA IN THE ARNOLD THOMAS MEETING ROOM (EAST), LEVEL 6 AND IN PUBLIC IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD PORT OF SPAIN ON APRIL 13, 2018

PRESENT

Ms. Sophia Chote, S.C.	Chairman
Mr. Clarence Rambharat	Vice-Chairman
Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member
Mr. Terrence Deyalsingh, MP	Member
Dr. Lester Henry	Member
Dr. Lovell Francis, MP	Member
Mr. Taharqa Obika	Member

Secretariat

Ms. Sheranne Samuel	Assistant Secretary
Ms. Terriann Baker	Graduate Research Assistant
Mr. Brian Lucio	Graduate Research Assistant

External Consultant

Mr. Tim Kimpton	Consultant
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ABSENT

Mrs. Vidia Gayadeen-Gopeesingh, MP	Member (Excused)
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REPRESENTATIVES OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO (NIBTT)

Ms. Jacqueline Quamina	Chairman, Board of Directors
Mrs. Niala Persad-Poliah	Executive Director
Mr. Feyaad Khan	Chief Operating Officer
Mr. Brendon Nelson	Executive Manager, Finance and Accounting
Mr. Navin Rajkumar	Executive Manager, Investments
Ms. Sarah Baboolal	Executive Manager, Legal Service

REPRESENTATIVES OF THE MINISTRY OF FINANCE (MoF)

Ms. Jennifer Lutchman
Ms. Chintamani Sookoo

Deputy Permanent Secretary
Director, Agro-based
Manufacturing and Services
Sector (Ag.)
Senior Audit Analyst

Mr. Khemkaran Kissun

COMMENCEMENT

1.4 The Chairman called the meeting to order at 9:36 a.m.

ANNOUNCEMENTS

2.8 The Chairman announced that Mrs. Vidia Gayadeen-Gopeesingh, who was recently appointed to serve on the Committee, requested to be excused.

CONFIRMATION OF MINUTES OF THE TWENTIETH MEETING HELD ON MARCH 23, 2018

3.1 The Chairman invited Members to consider the Minutes of the 20th Meeting held on March 23, 2018 and enquired whether there were any amendments.

3.2 The Committee agreed that the following amendments be made:

- v. Page 1, heading: Representatives of the Ministry of Planning and Development (MPD), the word "Counsel" to replace with the word "Council";
- vi. Page 3, (4.3), the word "received" deleted after the word "submission" in the first line;
- vii. Page 5, (10.2)(ii)(a), the word "have" was inserted after the word "would" and the word "for" after the word "responsible".

3.3 There being no further amendments, a motion for the confirmation of the Minutes was moved by Mr. Obika and seconded by the Chairman.

MATTERS ARISING FROM THE MINUTES OF THE TWENTIETH MEETING

4.1 The Chairman highlighted the following matters arising from the Minutes:

- **Page 2, item 3.1** – The Chairman indicated that Mr. Tim Kimpton of Bacon, Woodrow & de Souza Limited, would be present at both the in camera and public

meetings of the Committee re the inquiry into certain aspects of the National Insurance System of Trinidad and Tobago.

- **Page 3, item 4.2** – The Chairman informed Members of the stakeholders invited to appear at the second hearing on Waste Management.

PRE-HEARING DISCUSSION RE: INQUIRY INTO CERTAIN ASPECTS OF THE NATIONAL INSURANCE SYSTEM OF TRINIDAD AND TOBAGO

- 5.1 The Chairman advised Members that the Committee would convene its fourth and final public hearing pursuant to its inquiry into the National Insurance System and representatives of the NIBTT and the MoF would appear before the Committee.
- 5.2 Written submission from the NIBTT dated April 04, 2018. Members confirmed receipt of the
- 5.3 The Chairman also drew Members' attention to a letter from Mr. Kimpton outlining pertinent points to be addressed at the meeting.
- 5.4 The Chairman then invited Members to ask questions of Mr. Kimpton relating to the Committee's inquiry.

SUSPENSION

- 6.1 The meeting was suspended at 10:16 a.m.

[Members proceeded to the J. Hamilton Maurice Room, Mezzanine Floor]

PUBLIC HEARING WITH OFFICIALS OF NIBTT and MoF

- 7.1 The meeting resumed (*in public*) at 10:25 a.m. in the J. Hamilton Maurice Room.
- 7.2 The Chairman welcomed officials of the National Insurance Board of Trinidad and Tobago and the Ministry of Finance. Introductions were exchanged.
- 7.3 The Chairman outlined the inquiry objectives.
- 7.4 An opening statement was made by the Chairman, NIBTT and the Deputy, Permanent Secretary, MoF
- 7.5 Detailed hereunder are the issues/concerns/queries raised and the responses proffered by the NIBTT and the MoF:

(iv) NIB's Public Education Campaign

- (a) This would involve engaging various stakeholders including interest groups in labour and business with a view to explaining the proposed changes to the National Insurance regime including the proposed increase in the retirement age and the contribution rates.
- (b) The campaign will also aim to promote the importance of compliance with the provisions of the Act

(v) The percentage of employers who are defaulting on contribution payments

- (a) There are 21,342 employers registered with the NIB of which approximately 16,000 to 17,000 are compliant on a month-to-month basis. The NIB will be in a better position to indicate the precise figure of defaulting employers when it conducts the necessary employer audits.
- (b) The NIB has a department that is responsible for employer collections and audit. The number of audits is expected to increase from 4512 in 2017 to 8642 in 2018. These audits are currently conducted by 60 Compliance Officers. The ideal number of Compliance Officers required is 80.
- (c) NIB's initial response to defaulting employers is not litigation. Rather, the Board will seek to negotiate with employers with a view to securing the outstanding payments. An employer is allowed to settle his debt via instalments, promissory notes or another partial payment arrangement. Only when these approaches are exhausted, would the NIB then approach the Court.

(vi) Increasing the limit on foreign direct investments and possible implications for the Exchange Rate

- (a) It was confirmed that that NIB had recommended to the Ministry of Finance that it was necessary to increase the ceiling on its foreign investments to 40%. This equates to \$10 Billion out of the total value of the fund which has been estimated at \$25 billion.
- (b) The NIB advised that it currently has US dollar investments overseas which do earn interest and that interest allows for the growth of the fund. The proposed increase to 40% will be done incrementally.

(vii) Whether NIB has adequate Risk Management capacity

NIB submitted that it has an Investments Department and a Risk Department both of which are well staffed. NIB has also sought to implement ISO 31000 as its standard for analysis of risk.

(viii) Types of Foreign Investments which comprise NIB's Foreign Investment Portfolio

- (a) The NIB's Foreign Investment Portfolio comprises securities, shares, companies, bonds, but not real estate.
- (b) The NIB is considering pursuing foreign investments in Germany and other European Countries.

(ix) What informs NIB's investment philosophy

NIB's Investment decisions are guided by its Investment Policy and the Investment Committee which is established in accordance with the Act. The NIB's tripartite board also has oversight of investment activities.

(x) Alleged misuse of NIB contributions by CEPEP Contractors

The Committee was advised that this matter was currently under investigation and an update can be provided to the Committee in writing.

(xi) The status of the operations of NIB's Tobago Office

- (a) The NIB has been occupying leased premises in Tobago at Mount Marie for a number of years. In Early March those premises were deemed to be unsuitable for habitation, for health and safety reasons. As a consequence, a decision was made to immediately relocate operations to Furcon building in Scarborough.
- (b) Arrangements are being made to install an internet service at this location which would facilitate internet-based communication and services.

(xii) The use of Information and Communication Technology to enhance NIB's interface with clients

This is one of the NIB's strategic initiatives and the objective is to make it more convenient for clients to make and receive payments. Currently, employers are able

to make payments to the NIB electronically. The NIB's website also facilitates the uploading of documents.

(xiii) Whether the NIB is satisfied with the provisions of the NI Act

- (a) It was submitted that a review of the National Insurance Act is on the agenda for this year. The critical review of the Act would involve the engagement of the Ministry of Finance before submitting the recommended amendments to the Parliament.
- (b) In this regard, the MoF advised that there are some minor proposed amendments to the NIB Act which are currently being considered by the Treasury Solicitor.
- (c) The NIB submitted that it was satisfied with the provisions of the Act which are related to the corporate governance framework and reporting obligations to the Ministry of Finance.

(xiv) The 10th Actuarial Review

- (a) This review is still being drafted and the terms of reference are similar to those of the 9th Review with the addition of "a review of the conditions for accessing benefits and comparisons with regional counterparts."
- (b) However, the NIB anticipates that it should be able to implement some of the recommendations contained in the 9th Review notwithstanding the pending revision. One such recommendation is the increase in the contribution rate to 15.6%.

(xv) Whether discrepancies in contribution rates would impact retirement benefits

When an application for retirement benefit is submitted, the information on the system or on record is used to create an insured statement. That statement states the period of time that the person has worked, and the classes in which contributions were made. It ought to add up to 52 contributions annually. Hence, most persons in excess of 750 contributions will get a minimum retirement pension.

(xvi) Rationale for the relatively protracted period suggested for increasing the retirement age

- (a) NIB advised that when conducting an actuarial analysis several conditions/factors are taken into consideration including the potential impact of recommendations on the workforce. In light of this, it was envisioned that the

workforce should be given ample time to plan for retirement as opposed to changing from 60 to 65 abruptly.

- (b) The Executive Director indicated that the preliminary proposals arising from the 10th Review points in the direction of reducing the recommended timeframe for increasing the retirement age.

(xvii) Whether the NIB's investment portfolio was recently revised

It was confirmed that the NIB's investment portfolio was updated in 2017.

(xviii) Capturing a wider scope of employees in the informal sectors

The NIB report that in 2015 a "High level Committee" submitted a report on this matter. It is proposed that this Committee be reconvened with a view to advancing arrangements for the inclusion of self-employed people in the National Insurance System.

(xix) The inclusion of foreign workers in the NIS

The NIB advised that once you are in receipt of remuneration of more than \$200 per week, you are allowed to be in the system. Whether you are a foreigner or a local, once you meet the preliminary requirements you are captured by the National Insurance System.

**(xx) The relationship between the NIB and Home Mortgage Bank (HMB)
The HMB is a subsidiary of the NIB**

- (a) Home Mortgage Bank and the Trinidad and Tobago Mortgage Finance Company are rationalizing their operations with a view to realising synergies. The merger will also eliminate competition between both entities.
- (b) In response to a query about the NIB's strategy for dealing with persons who default on their mortgage, the Chairman, NIB indicated that the NIB has confidence in the TTMF's capacity to deal with this potential risk. It was also confirmed that both companies are relatively viable investments that have generated returns to the NIB.

(xxi) The fundamental adjustments the NIB is expected to reduce reliance on investment income

The NIB articulated that actuarial reviews have provided a range of initiatives, which individually or combined will assist with ensuring the sustainability of the fund.

(xxii) Anti-fraud strategies

The NIB has a “Fraud Framework in place” and a Draft Fraud Policy. This matter is currently being examined by the Board. It was submitted that there has been a small number of incidents of fraud. This was attributed to the robust processes and procedures used to treat with claims.

(xxiii) The amount of progress made in implementing the recommendations of the 9th Actuarial Review.

The Executive Director, NIB submitted that the NIB has been successful in this regard. In particular, the implementation of short-term recommendations such as increasing the contribution rate from 12% to 13.2% and increasing the maximum insurable earnings from 12, 000 to 13, 600.

(xxiv) The number of employees who are contributing to National Insurance

As at June 30, 2017 there were 479,036 employees making contributions into the system.

7.6 The Chairman thanked the officials for their attendance.

Requested Information

8.1 The Committee requested that the NIB provide the following:

- i. A status report on the investigation into the alleged misuse of NIS payments by CEPEP contractors;
- ii. The number of employers registered with the National Insurance Board who are sole proprietors; and
- iii. A copy of the NIB’s Investment Policy-2017.

ADJOURNMENT

9.1 The meeting was adjourned at 12:06 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

April 25, 2018

APPENDIX V

Verbatim Notes

VERBATIM NOTES OF THE SEVENTEENTH MEETING OF THE JOINT SELECT COMMITTEE ON FINANCE AND LEGAL AFFAIRS HELD IN THE ANR ROBINSON MEETING ROOM (WEST), NINTH FLOOR, (IN CAMERA), AND THE J. HAMILTON MAURICE ROOM (MEZZANINE FLOOR) (IN PUBLIC), OFFICE OF THE PARLIAMENT, PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON FRIDAY, NOVEMBER 17, 2017, AT 9.50 A.M.

PRESENT

Miss Sophia Chote SC	Chairman
Mr. Clarence Rambharat	Member
Mr. Prakash Ramadhar	Member
Dr. Lovell Francis	Member
Mr. Julien Ogilvie	Secretary
Miss Sheranne Samuel	Asst. Secretary
Miss Simone Yallery	Legal Officer I
Miss Terriann Baker	Research Assistant
Miss Aaneesa Baksh	Research Assistant

ABSENT

Mr. Wayne Sturge	Member
Miss Marlene Mc Donald	Member
Mr. Randall Mitchell	Member

10.20 a.m.: *Meeting suspended.*

10.34 a.m.: *Meeting resumed.*

MINISTRY OF FINANCE/INVESTMENTS DIVISION

Ms. Jennifer Lutchman	Deputy Permanent Secretary
Ms. Chintamani Sookoo	Ag. Director, Agro-based Manufacturing Services Sector
Mr. Suresh Dan	Ag. Senior Business Analyst
Mr. Shiva Ramroop	Business Support Analyst

Madam Chairman: Good morning all. This is the Seventh Meeting of the Joint Select Committee on Finance and Legal Affairs. The Committee today is convening its first public hearing pursuant to its enquiry into certain aspects of the national insurance system of Trinidad and Tobago. The hearing is being broadcast live on the Parliament channel, which is Channel 11, Parliament radio 105.5 FM. and Parliament's YouTube channel *ParlView*. Members of the viewing and listening audience may send comments via email at parl101@ttparliament.org, on our Facebook page at [facebook.com/TT Parliament](https://facebook.com/TTParliament), or on Twitter at [TTParliament](https://twitter.com/TTParliament).

I want to welcome the officials and representatives of the Ministry of Finance, the National Insurance Board of Trinidad and Tobago and Bacon Woodrow & De Souza. Normally we ask all persons attending to introduce themselves at this point, but because we decided to deal with this matter in a certain way I will ask those persons sitting at the table at the front to introduce yourselves, not only to us but to members of the viewing and listening public.

[Introductions made]

Madam Chairman: Thank you all for your introductions. My name is Sophia Chote SC and I am the Chairman of this Joint Select Committee which is one of the committees that must be chaired by an Independent Senator. This Committee is made up of eight members and we have three others here today. So starting from my right I will ask the members to introduce themselves to you.

[Introductions made]

Madam Chairman: To my left is Mr. Julien Ogilvie who is the Clerk to this Committee, and you will also see Miss Sheranne Samuel and Miss Simone Yallery. They also assist this Committee in its work.

Just so that the listening public may have an idea as to where we are, I am simply going to quickly read the five objectives of the enquiry, so that those persons who may want to send in questions or comments will understand that we are operating within a certain parameter.

So the five objectives that we have set out are to examine the recommendations of the Ninth Actuarial Review of the NIB; two, to examine the implementation of the actuarial

recommendations of the Ninth Actuarial Review of the NIB; to examine the investment policy of the National Insurance Board, to understand the trends in income and the relationship to the payment of benefits, and finally to make recommendations to improve the sustainability of the national insurance system.

I am sorry, but I think we will have to start making the lettering on these signs a bit easier to read. Ms. Lutchman, may I invite you to make an opening statement on behalf of the Ministry of Finance.

Ms. Lutchman: The Ministry of Finance as we know is the line Ministry for the National Insurance Board of Trinidad and Tobago. We continue to seek to assist the NIB in fulfilling its mandate as we have done in the past, and we are here to assist in any way to forward this enquiry. Thank you.

Madam Chairman: Members, would you all like to start with some questions?

Mr. Rambharat: Deputy Permanent Secretary, can you outline for us the approach the Ministry of Finance would use to interact and to provide oversight for the National Insurance Board?

Ms. Lutchman: The Ministry reviews the board Minutes of the NIB. The NIB is required to provide board Minutes to the Ministry. Also, the annual reports are submitted to the Ministry, and these annual reports go to Parliament through the Ministry of Finance.

Mr. Rambharat: So, for example, the Ninth Actuarial Review, what has been the Ministry's approach in dealing with the Ninth Actuarial Review?

Ms. Lutchman: The Ministry of Finance has reviewed the actuarial review and has considered the recommendations of the review. Certain aspects of the recommendations were implemented.

Mr. Ramadhar: Ms. Lutchman, good morning. Would you tell us from your point of view, the state of health of national insurance in this country?

Ms. Lutchman: I can only answer that so far as what is stated in the review. The review has stated that there are certain constraints and there are certain issues that have to be addressed.

Mr. Ramadhar: Having said that, are you satisfied then as to whether steps have been taken to remedy some of the concerns, and what are those steps and what are your concerns?

Ms. Lutchman: So far as the Ministry of Finance is concerned, as I said we have looked at the report and there were specific recommendations as far as the health of the—as I said before we can only speak of what the actuarial review has said.

Mr. Ramadhar: Forgive me; we are before the public of Trinidad and Tobago there are many things we will not be able to go through all the lines to, and therefore I would like if you could help us, or any member of your team please, to indicate what state of health we truly are at, what are the concerns and what are the fixes necessary and what steps have been taken to achieve those? I think it is really about the benefit of the public and not just for us sitting here.

Ms. Lutchman: One of the recommendations is that the retirement age be increased. The Ministry of Finance recognizes that this is not a decision that the Ministry of Finance has to take, but as you know the board of the NIB comprises Government representatives, representatives from labour and representatives from the business sector. So therefore it is not for, let us say, the Ministry of Finance to make any such decision, but there has to be, I would imagine, consultation across the board before anything is undertaken to increase the age of retirement.

Madam Chairman: May I just ask if we could get into some specifics because I find that we are speaking without a context in a sense. You said that out of the report the Ministry of Finance is able to tell us that certain recommendations were implemented. I am sure that members of the listening and viewing public would like to know which of these recommendations were implemented.

Mr. Ramadhar: Sorry to do this, but I think the Chair has hit the nail on the head, we need a context, and when I spoke about the health, we will know because of the documentation that we may have seen, but I think the average citizen would like to know there are rumours about as to where we are in national insurance. Could you tell us where we are in real terms, are we happy with it, are we in a crisis state, where are we and what are your concerns? Then we will take it in terms of the recommendations. Thank you, Chair.

Ms. Lutchman: To the Chair, the NIB has stated, as we are saying, the fund is in trouble and there are some recommendations that need to be undertaken in order for the fund to continue. One of the recommendations that was made and that has been implemented was

an increase in the contribution rate from 12 per cent to 13.2 per cent, and an increase in the maximum insurable earnings from \$12,000 to is \$13,600. The NIB has proposed a further increase, but that has not materialized as yet.

Madam Chairman: Could I just interrupt you to ask, is it that you see the problems surrounding the NIS system as being solved only by the increase of payments or contributions?

Ms. Lutchman: Madam Chair, the recommendation was also for the increase in the age of retirement, and that is a consideration. Other considerations may be their investment portfolio, but the Act specifically states what they can invest in and the limits that they have with regard to external investments, internal investments and that sort of thing. So if they were to use their investment portfolio to increase the fund, it may not increase significantly because they are constrained by the provisions of the Act.

Madam Chairman: But do you and your team, I mean anybody from the team could perhaps answer, perhaps Miss Sookoo might be in a position to help us with this one. Do you think that legislation expanding the ability to invest would be of assistance, or is it just that the investment portfolio could be better handled as is?

Ms. Sookoo: Madam Chairman, in my personal view I think that the NIB, the way it is established and it has very stringent and rigorous investment proposals; you have the Act that provides for an investment committee; you have different layers and levels of authority, that you have the management would approve up to a certain amount; you have the investment committee that has a different level and then you have a board.

They also went to on to say that they have a portfolio which stipulates 80 per cent local investment and 20 per cent foreign investment. Generally, if you look at how investments are performing outside there and what we have locally, the local investments are very limited, so if they want to get an opportunity to increase their revenue, it may be better to increase the limit that they can invest on the external market, but to do that it requires that you need to amend the Act. So it would have to be the Ministry of Finance or the Minister of Finance to champion this initiative to take to Parliament.

Madam Chairman: But you represent the Ministry of Finance. So has there been any sort of recommendation, not necessarily through your team, but in the past? Has there been any

attempt to suggest to the Minister of Finance that perhaps a Cabinet Note ought to be taken to Cabinet so that the expansion of investment abroad can be increased, and if so what has been the position with respect to that?

Ms. Sookoo: I am not aware of any such initiative, but it is something that we should consider.

Mr. Ramadhar: Chair, with your leave, of course. These committees are about fixing problems. They are not here to ambush anyone or to “gotcha” kind of thing, it is really about finding out some of the structural issues and some of the inhibitions that may have been placed before you in the past, because we really do need to fix many problems, and today we are dealing with national insurance.

As the Chairperson has asked, there has been yet no recommendation to the Minister, from what you have said. Is there a prohibition on that, is there a fear factor? Why is it that something as important as this has not taken the next step to make a positive change?

Ms. Sookoo: I do not have an answer for that one.

Mr. Ramadhar: Well, may I suggest one? We are a very small country with big problems, but we have also solutions that reside in the minds and spirits that you hold and, therefore Chair, without overstepping my bounds, that sometimes we do need to shake off a lot of the old shackles and do things in a way that is time sensitive, because you cannot have reports that have incredibly important recommendations that are not acted upon. I am sure my learned friends who are in Government would share the view that these committees really are about finding out some of those stumbling blocks and fixing them, because sometimes it is just a matter of communication. So having said that, if I may also enquire—

Madam Chairman: Mr. Ramadhar, I do not want to interrupt you, but Dr. Francis has been wanting to ask a question for some time now, so if you would just allow him.

Dr. Francis: Thank you Chair. It really cycles back to where it began, which is the framework that governs the relationship between the Ministry of Finance and the NIB. When member Rambharat asked about that relationship, I am sure that you were summarizing when you said that you review board minutes and you get the annual reports. I am sure the relationship is much deeper than that. No? It gave the impression of a laissez-faire or hands-off relationship which would be worrying for many reasons.

The NIB has a massive investment portfolio. Is it the case that the Ministry has any kind of oversight, any kind of input, can give any kind of advice, even beyond the strictures of law, to ensure that thing is managed properly? I am not intending to cast any kind of aspersion directly or indirectly, but we all are aware that we have a state sector where management of critical state resources is not always performed effectively or with the best interest of the nation at heart.

What sense can you give us that there is oversight of this investment portfolio, because your responses seem distanced, laissez faire?

Mr. Ramroop: Madam Chairman, through you. Dr. Francis, NIBTT's compliance obligations are in accordance with the Act as stipulated. Though the Ministry of Finance usually collects quarterly reports and monthly reports from other state entities, NIB is not required to send those reports to the Ministry of Finance. So when we talk more of an oversight, the Ministry of Finance does not have much of an oversight into the financial operations of NIBTT.

In terms of the Investment Committee, the NIBTT may from time to time ask for an increase of the delegated authority of the Investment Committee, which could be approved or disapproved by the Minister of Finance.

Madam Chairman: Well, that makes me quite concerned, because who is overseeing NIB generally? Is it not the Ministry of Finance?

Mr. Ramroop: Chair, if I may. In accordance with the Act, it is the responsibility with the Minister of Finance, but in terms of if you are looking for a thorough monitoring agency, the Investment Division, or Ministry of Finance by extension, would not be able to provide that type of oversight as they would over a state enterprise, because statutory bodies are governed by the Acts. If we want to enhance that monitoring mechanism, we need to amend the Act to include such monitoring mechanisms.

Dr. Francis: So sometimes obvious questions need to be asked. So essentially the NIB is autonomous in its decision-making within the strictures of its Act? Within that parameter it is autonomous?

Mr. Ramroop: Yes.

Madam Chairman: Just out of interest, is there any other state company or state entity that you know of, which has this kind of relationship with its line Ministry, or is this peculiar to

NIB?

Mr. Ramroop: Madam Chair, this is only specific to the statutory boards. The state entities are required through our state enterprises performance manual, to submit quarterly and monthly reports to us. So that is where our effective monitoring really lies.

Madam Chairman: What are the sanctions if they do not?

Mr. Ramroop: There are no sanctions, because that manual is not legislation. It was approved by Parliament, but it is not legislation.

Dr. Francis: So, in a board Minute or a report, something comes to your attention that causes an alarm, a red flag arises, what is the procedure from the Ministry of Finance's perspective, or is there a procedure, and if so, what is the procedure?

Ms. Lutchman: Through you, Chair, what happens, when the analysts review the board Minutes and they see anything of significance or any material issue, they would immediately inform the Minister of Finance, and the Minister of Finance will then provide instructions as to the way forward.

Madam Chairman: What kinds of issues have arisen in the past which would have required intercession with the Minister of Finance?

Ms. Lutchman: Madam Chair, there was one instance where there was a purchase of a property by the NIB and the purchase was questionable, and the Minister of Finance would have requested the Central Audit Committee of the Ministry of Finance to undertake an investigation into the purchase of the property. The report was done and submitted to the Minister of Finance.

Madam Chairman: And was any action taken as a result?

Ms. Lutchman: There was no action in terms of the Ministry of Finance and the Minister of Finance sanctioning the NIB. I would imagine the NIB would have looked at their internal procedures and taken appropriate action.

11.00 a.m.

Madam Chairman: Does the Ministry of Finance provide any guidance to the NIB with respect to procurement?

Ms. Lutchman: I would have to say, no. As my colleague was saying, the state agencies what they would do when they procure, they are required to submit returns to the Ministry of

Finance stating their procurement, whether they are above \$5 million or below \$5 million, and we would have a sense of what was procured. If there are any concerns, the Ministry of Finance would then do further investigation and would write to a state agency to provide further documentation. But with regard to NIB, I cannot say that we have done any further investigation into any of their procurement processes, separate and apart from this review.

Mr. Ramadhar: Thank you, Chair. Very disturbing I heard you say basically the NIB was asked to reinvestigate its own actions.

Ms. Lutchman: Sorry.

Mr. Ramadhar: The NIB was asked to investigate its own actions?

Ms. Lutchman: Through you, Madam Chair, I said the NIB would have undertaken to address the outcome of this. I did not say investigated, so that—sorry.

Mr. Ramadhar: No. Well, all right. Let me put it in other language. It was referred to the NIB to enquire into the purchase of the property?

Ms. Lutchman: No. That was a miscommunication. What I said was that the central audit committee of the Ministry of Finance would have done an investigation.

Mr. Ramadhar: Right.

Ms. Lutchman: And the question was asked whether the Ministry of Finance would have done anything, I suppose, in relation to sanctions. The Minister of Finance was made aware of the outcome of the investigation, but what I said is that the NIB, I would imagine that NIB would have taken action based on the outcome of the investigation.

Madam Chairman: Dr. Francis, you had a question?

Dr. Francis: It is not our intention to put you on the spot, Madam PS, but himself investigating himself is a cause of concern. But the larger problem or the larger concern, I cannot say it is a problem, the larger concern is that it seems to be, and you can correct me if I wrong, that the effective operation of the NIB comes down to ensuring that you select the right board members. And if you do not select the right board members, you are basically rolling the dice with the national insurance scheme.

Because what we are trying to get the sense of is, what structures, what systems, what checks and balances there are to ensure that the thing functions properly? But it seems from what we are hearing that it really comes down to choosing the right people and allowing

them to manage the thing within the Act, within that framework provided by the Act. But that seems, from my perspective, a little bit arbitrary. Correct me if I reading the thing wrong.

Ms. Lutchman: Through the Chair, we have difficulty in getting information from statutory boards, some statutory boards. As my colleague stated, for state enterprises, whatever information we request or whatever requirements are—as per the performance monitoring manual—required by the state enterprises, by and large they comply, but for statutory boards they are governed by their Acts and sometimes we find it difficult to get information from those statutory boards.

Madam Chairman: Okay. Actually you have been quite helpful by, in a sense, exposing to us very candidly what are some of the shortcomings of the existing systems particularly with respect to the relationship between the NIB and the Ministry of Finance, so that has been very useful and helpful to us. You had referred to a policy document that you said you had been guided by. Do you recall that?

Ms. Lutchman: Madam Chair, it is the State Enterprises Performance Monitoring Manual, and the state enterprises are guided by that manual. Statutory boards also use the manual for guidance.

Madam Chairman: Is it possible for you to give us a copy of that at some point or send it to us?

Ms. Lutchman: Certainly, Madam Chair.

Madam Chairman: All right. Normally, what we do is we allow each guest or each group to give a closing statement, but because we are trying to allocate half an hour to each group or each presenter, what I will ask you to do is to save your closing statement until at the end when we have heard everyone. All right? So, I want to thank you for your assistance, and to invite the members of the National Insurance Board to come forward, please. I believe you all can stay there. You can stay there.

[Members from NIB move forward]

NATIONAL INSURANCE BOARD

Mrs. Niala Persad-Poliah

Executive Director

Mr. Feyaad Khan

Executive Manager, Policy Planning
and Actuarial Services

Mr. Navin Rajkumar	Executive Manager, Investments
Ms. Sarah Baboolal	Executive Manager, Legal Services
Ms. Karen Davis-Holder	Executive Manager, Finance and Accounting (Ag.)

Madam Chairman: Good morning to the NIB team. Would you be good enough to introduce yourselves? I am sorry that some of you have to sit at the second row, but it is a large contingent today because we are trying to get as much work done as we possibly can during the course of this morning. So, will you introduce yourselves, please, to the viewing public and the listening public?

[NIB Officials introduce themselves]

Madam Chairman: Thank you all for attending. We have already introduced ourselves so you know who we are. So may I invite any member to begin by asking a question of the NIB team or would you prefer to make a brief opening statement? I overlooked that.

Mrs. Persad-Poliah: Thank you, Madam Chairman. I wish to make this opening statement on behalf of the Chairman of the National Insurance Board of Trinidad and Tobago, Mr. Michael Toney who is unavoidably out of the jurisdiction and sends his apology. These are the chairman's sentiments.

Before we begin a detailed discussion there are some critical points that must be made to put greater context to the issue of the future NIB and the challenges we are facing as a nation. While we acknowledge the Committee's legitimate concerns about proper fund management, we at the NIB would at the same time respectfully wish to make the point that proper fund management alone will not save the national insurance system if the fundamentals of the pay as you go system are not properly aligned, that is, the right level of contributions to meet the right level of benefits.

Our national insurance system is out of alignment and we have limited time, Madam Chairman, in which to adjust it before the fund is exhausted.

With this misalignment the system relies on the fund and income derived therefrom to reconcile any shortfall that will arise until the system is back in alignment. The fund is finite and will eventually be exhausted if the system is not put back into alignment. The actuarial reviews, the last being the Ninth Actuarial Review, tell us that we have a limited

time to fix the imbalance. Even with the best fund, investment, strategy and performance, if proper alignment between contributions and benefits is not achieved in the fastest possible time, the balance in the fund will be depleted and the NIS would have failed to do what it is designed to do.

At present, income from contributions is less than benefits paid. We are currently drawing down from fund income and such drawdowns will eventually extend to the fund asset itself.

When contributions received are less than benefits paid, the shortfall is, of course, met by such drawdowns, or in the worst-case scenario by funding from the State as set out in the National Insurance Act.

The actuaries analyze and determine the best level of contributions expected to meet the level of benefits and perhaps some level of savings as well. Once the level of contributions set is met by the national insurance system, it is said to be working well.

If for any period however, Madam Chairman, the contributions received are more than the benefits paid then, of course, the surplus is invested by the NIB. This pool of resources is what makes up the fund. Those savings take us through a period of adjustment when either the level of contributions is too low or benefits paid are too high or a combination of both.

We make these points, Madam Chairman, since we note that most of the questions we are required to answer, focus on fund investment strategy and performance. We are ready to explain further, to the best of our ability, any of the responses made to the questions you have posed to us, as well as any other pertinent matters that you may wish to address.

In closing, Madam Chair, while we have some very sound and impactful recommendations to give more life to the fund and to keep the national insurance system sustainable, what we need is the collective buy-in of those who rely on the national insurance system and our tripartite stakeholders in business, labour and Government to ensure urgent reform measures both short term and long term are implemented with the greatest priority. We are grateful to assist the Committee with its enquiry and hope that we can do so in a meaningful manner in the interest of the public and the system. Thank you, Madam Chairman.

Madam Chairman: Thank you. Dr. Francis.

Dr. Francis: Thank you, Ma'am. It has already been made clear that any changes to the entire framework governing the national insurance scheme will have to be championed either at the parliamentary level or at the Cabinet level, and the Ministry of Finance will be central to that. But the PS has just stated very clearly that the Ministry has difficulty in getting information from the NIB. I want to know on one hand, why is that so; and then on the other hand, what corrective measures will be taken to ensure that it does not continue?

Mrs. Persad-Poliah: Member, through you, Chair, I beg to differ with the position that has been adopted today by the Ministry of Finance. The NIB is a tripartite organisation. There are nine members of a board along with an independent chairman. The tripartism represents, three members from Government, three members from business and three members from labour led by an independent chairman.

We consider ourselves to be a compliant organisation, Madam Chairman. In fact, we pride ourselves in that for the last 42 years of our existence we have been able to submit audited financial statements to the Ministry of Finance and to the Parliament; we have met most, if not all, of our statutory obligations; and we have been in active engagement with the Ministry of Finance especially with respect to the Ninth Actuarial Review.

And if I may, I would just like to put that in a little bit of a context, in that the oversight with respect from the Ministry of Finance, of course, is through its board that the Minister appoints. So the Minister appoints the board and the Minister appoints an independent chairman.

In accordance with the National Insurance Act the Minister is not allowed to provide specific directions to the National Insurance Board. The Minister can only provide general directions as per section 9 of the National Insurance Act.

Madam Chairman: Okay. Well, remember we have people looking on and people listening, so I want us to try to speak as plainly as possible.

Mrs. Persad-Poliah: Sure.

Madam Chairman: In the first place, what you are saying is that "you do provide your reports and you do allow the Ministry of Finance to have its oversight". But on the other hand, you are also saying that you are not required to provide that kind of information to the

Ministry of Finance because the oversight comes via the board and the independent chairman. How do you explain those two seemingly contradictory things for our viewing and listening public?

Mrs. Persad-Poliah: Madam Chair, the NIB is a statutory body, so it is guided by the contents of the National Insurance Act. So, as the Deputy PS would have said, the reporting requirements as exist for a state enterprise does not exist with the NIB. What we rely on is positive and frequent engagements with the Ministry of Finance and our board and the Minister of Finance and our chairman; we have been submitting our minutes to the Minister; we have met all our statutory requirements in terms of the annual reports and the report on operations; and we have been in active discussions with the Ministry of Finance on most matters, as I said, especially relating to the Ninth Actuarial Review. Other than that, Madam Chairman, we do not have the reporting requirements as other entities.

Madam Chairman: I understand that, but what I am trying to get at is, we have four people here from the Ministry of Finance; they were sent by the Minister of Finance to represent his Ministry as the officials who would be dealing with the NIB or liaising with the NIB on his behalf. So it seems to me that it is a bit incongruous that there should be a disagreement between the two groups. Is it that NIB does not liaise with this group of people that we have there?

Mrs. Persad-Poliah: Madam Chairman, at the level of the Executive Director, I would normally liaise with the Permanent Secretary, Mr. Vishnu Dhanpaul, and I have also held discussions with Mr. Suresh Dan. Other than that, I have actually engaged with the Minister of Finance myself. So, the flow of communication is normally through the Minister of Finance or the Permanent Secretary to the Chairman or the Executive Director of the NIB.

Madam Chairman: I see.

Mr. Rambharat: Good morning, Executive Director. There is a development a housing development called River Woods. Could you tell us the relationship between the NIB and River Woods; the investment that has been made in River Woods and the status of that investment?

Mrs. Persad-Poliah: Sure, member. Through you, Chair. River Woods forms part of our investment portfolio. The NIB has been attempting to diversify its investment portfolio

through land development. The River Woods development began probably around 2003/2004. The intention was, of course, to have a positive return to our investment rate and, of course, to also provide middle-income homes for thousands who need those homes.

The development began with approximately 145 single family units together with townhouses; it was intended to be a gated community. The development itself did suffer some delays through project management challenges. That is probably how I want to sum it up. As of today, we have delivered approximately 100 of those homes; we are probably just left with about 49 homes or thereabouts to be delivered, of which approximately 20 are in its closing stages. We are committed to completing that development, member, and delivering those homes.

Mr. Rambharat: So this development has been 14 years in the making. What has been the investment made and how has the investment made—how does it compare to the financial expectations that went into the investment decision in the first place?

Mrs. Persad-Poliah: Member, through Madam Chair, I do not have the exact figures with respect to River Woods because as you would appreciate we came prepared to speak on the questions that were submitted to us. What I can say is that the River Woods was intended to be an investment opportunity for the NIB, and in the interest of providing accurate information to the Committee, I would ask to submit the answers to that question in writing, please.

Mr. Ramadhar: With a contracting economy you would find yourself in difficulties, of course, if you only swim in your own pond. How nimble is your investment portfolio in terms of response time? Are we in terms of months, years, weeks, what? How often do we review and reassess our positions?

Mrs. Persad-Poliah: Madam Chair, I will ask my head of investments, Mr. Rajkumar to take that question.

Mr. Rajkumar: Good morning everyone again. With regard to the investment policy, we have adopted a self-imposed adoption where we review the strategy every three years. So in the questions that the Committee would have sent you all referred to an investment policy statement for 2013/2014. That policy statement is now superseded by a new investment policy statement which takes us from the year 2016 to 2019. However, during the course of

2017, given the economic challenges and also given the structural challenges that the NIB currently faces, we underwent a revision, a comprehensive review of the investment policy statement; it is currently approved at the IAC level and is awaiting board approval.

Madam Chairman: Now, NIB has described itself in a certain context as project managers. How many different kinds of projects is NIB currently involved in?

Mrs. Persad-Poliah: Madam Chair, let me just clarify that question. The NIB is not a project management company. The NIB owns NIPDEC, 100 per cent owns NIPDEC. NIPDEC is involved in project management; that is one of its key activities, but the NIB is not involved in project management.

Madam Chairman: Okay. So what is your relationship or do you have any controls with respect to NIPDEC?

Mrs. Persad-Poliah: At this point, Madam Chair, NIPDEC is also governed by its own board. Our chairman, Mr. Toney, is actually also the Chairman of NIPDEC, and there are members that sit on our board that also sit on the NIPDEC board. In terms of oversight however, we have been looking carefully at the governance requirements that are required for us to look carefully at our subsidiaries, NIPDEC being just one of them. As you know we own NIPDEC a 100 per cent, we now own HMB a 100 per cent and we have 51 per cent shareholdings in TTMF. And the board has been actively looking at governance and providing the necessary monitoring for those entities.

Madam Chairman: Well, what does that mean?

Mrs. Persad-Poliah: Madam Chair, what it means is that the Executive Director at this point does not have oversight of NIPDEC; NIPDEC is governed by its on board. Do you understand?

Madam Chairman: I do understand, but I am a little surprised because it seems as though people connected or who ought to be connected in terms of working together to ensure that the NIS succeeds seem to be operating in silos and seem to be uncertain about reporting requirements, how the Acts apply, whether they apply, whether they can interfere or make a comment. If one party does something wrong there are no sanctions which follow, so it seems to me as though it is all going around in a circle. Now, that is just a view which I express, having heard some of the comments today because there seems to be no single direction being taken by groups which ought to be focusing on the improvements to the NIS

system. Am I wrong in making such a comment?

Mrs. Persad-Poliah: Madam Chair, how I would like to address that is that, this board led by Mr. Toney recognizes that there are issues that we need to address in our fully-owned subsidiaries. And at a very recent board meeting they would have made a decision that NIPDEC, TTMF and HMB are now required to submit quarterly documents to the NIB, and that will assist us in our monitoring, but it is at its very preliminary stages, Madam Chairman.

Madam Chairman: Well, I cannot understand that at all. I mean, let us start from the lawyers' point of view. You have your Companies Act which is now quite old which governs the duties and responsibilities of directors which ever kind of company that you are sitting in, and you have NIPDEC which has been in existence for some time and which has, well in my view is a subsidiary of the NIS, and we are now talking about quarterly reports, and we are considering that as a major advancement or improvement? I mean, where are we? Have there been any other attempts to improve the relationship between NIPDEC and NIS prior to these quarterly reports?

Mrs. Persad-Poliah: Madam Chair, again to answer the question allow me to put it into a context in that, having regard to the board's oversight, the formal submission of documents would not have been sent up to the NIB. And what I mean by that is that traditionally the chairman and members of the NIB board would also sit on the NIPDEC board, the HMB board and the TTMF board. So it is the actual composition of the board that would have provided the oversight and the guidance to the subsidiaries. What we have done recently is to formalize that arrangement with the submission of documents now onto the NIB.

Dr. Francis: Okay. I could editorialise and say that, that sounds cabalistic, but if we are now at the point where we are considering or moving towards them having to send official reports to the NIS, what obtained before was nothing, no system of reporting—

Mrs. Persad-Poliah: No. No. No.

Dr. Francis:—other than the same chairman being here, there and everywhere?

Mrs. Persad-Poliah: Right. What obtained before would have been board oversight and submission of minutes. Minutes do come to the NIB board from the subsidiaries; that is what pertained prior. What pertains now is the board oversight, the submission of minutes and the submission of quarterly reports, and we have actually, as early as yesterday, there was a

joint meeting between NIPDEC and NIB, Madam Chairman, where, as I said, the board is now actively looking at taking the necessary steps to ensure that there is proper oversight of our subsidiaries, which perhaps may not have happened in the past.

Madam Chairman: It seems to me that the NIS has incorrectly relied on the fact that some of the members of its board sit on the board of the NIB because it means that those directors who do not sit on the board of the NIB have been possibly in dereliction of their duty in accordance with the Companies Act, because even though they do not sit on the NIB board, their responsibilities are the same. So what I would like to ask is this: How does NIS, for example, have any say or influence or correct NIB in terms of its procurement policy? I just pulled that as an example.

11.30 p.m.

Mrs. Persad-Poliah: Can you clarify for me, Madam Chairman, then. Is it in terms of the procurement that happens at NIPDEC?

Madam Chairman: Well, I was just saying that you have said that the oversight primarily is because you have the same directors sitting on two boards.

Mrs. Persad-Poliah: Correct.

Madam Chairman: Right. In the first place, I am saying that has to be wrong, because the Companies Act gives all directors the same responsibility on the NIS board with respect to oversight of any subsidiary.

The second thing I am asking is, how then is NIS able to influence, direct, correct, NIPDEC on any issue and I just use procurement as one of the issues that you may be considering? I do not know if I am being clear?

Mrs. Persad-Poliah: Yeah, you are. But, Madam Chairman, my answer basically remains the same, in that, there is no direct guidance to NIPDEC at this time. So relative to their procurement activities, they are guided by their own procurement policy but there is no general or specific directions that are given by NIB to NIPDEC.

Madam Chairman: Have they provided the NIS board, not simply the members who sit on their board, have they provided the NIS board with their procurement policy or do they have a procurement policy as far as you know?

Mrs. Persad-Poliah: Yes, I am aware that they have a procurement policy. As to whether

that has been formally submitted to the NIB, I cannot say, Madam Chairman. I am not aware.

Dr. Francis: Madam Executive Director, please correct my impression because I am getting the same impression from you that I got from the Deputy Permanent Secretary, that in all of this we seem overly reliant on the expectation that people will act ethically and correctly as opposed to having systems, procedures, checks and balances in place. It seems that we are relying on people who will just go there and perform well, as supposed to having the structure and organisation that will ensure or mandate that they perform well. And we are expecting an Act to act almost as that omnibus guarantor of correct behavior.

Mrs. Persad-Poliah: Member, at this time NIPDEC is governed by a board of directors. NIPDEC's board of directors manages the affairs of NIPDEC. There are some reporting requirements that we have put in place to ensure that there is better and proper oversight now by NIB, but that did not exist before. So NIPDEC basically manages their own affairs.

Madam Chairman: Okay. What I would like us to come back to, because I think it might be of interest to those looking on and listening, when you gave your opening statement you spoke about the fund running out at some point. What date are we looking at?

Mrs. Persad-Poliah: Right. Madam Chair, I need to put this into a context as you said, for the listening public. So the NIB conducts actuarial reviews every three years. An actuarial review would assess the balance of contributions to benefits. Our last actuarial review was conducted—the Ninth Actuarial Review was conducted on the system as at 2013 and that report was submitted to the NIB in 2015. It was immediately forwarded to the Minister of Finance and laid in Parliament in November of 2015.

Subsequent to that, we began our engagements with the Ministry and the Minister of Finance relative to the recommendations that were made in the Ninth Actuarial Review. The Ninth Actuarial Review, of course, spoke to both short-term and long-term recommendations in the context of an ageing population. As you know, an ageing population is one where once at least 10 per cent of persons are over the age of 60, it is deemed to be an ageing population. Trinidad and Tobago actually, I think the statistics suggest that it is just about 14 to 15 per cent of our population is actually over the age of 60. So putting that into a context, when we look at contribution income that is coming in versus benefit payments that are going out, and I want to share with the Committee, Madam Chair, if you would allow

me, some statistics which will provide the context as to why I began in the manner in which I began.

The NIB right now serves approximately 200,000 persons. In fact, for the financial year ended 2017, our benefit recipients were 191,840 persons, of which 158,000 are long-term beneficiaries. Which means, that 82 per cent of the vulnerable persons that we serve in this country are over the age of 60. We would have collected just about \$4.6 billion in contribution income but, Madam Chairman, we have paid out \$4.7 billion for the year ended June 30, 2017. And, of course, the projections from the Ninth Actuarial Review in the context of the aging population is that the beneficiaries will continue to grow. So that band over 60 will grow because persons are living longer healthier lives and the longevity of persons has increased, while the band of persons who are paying contributions into the system right now, which is between 16 and 59 is declining. Persons are having less children, there is migration, et cetera.

So the projections are that band will get smaller, which means less contributions coming into the system and the beneficiaries' band will get larger. What that means, Madam Chairman, is that our liabilities are projected to grow way into the future. In fact, I want to go back to the actuarial review. So, having regard to the ageing population and the data that I have just shared with you, the actuarial review suggested to maintain, and as the member said, the health of the system, we have short-term and long-term recommendations. The short-term recommendations, Madam Chair, are: increasing the contribution rate and increasing the maximum insurable earnings, both of which we did in September of 2016. We moved the contribution rate from 12 per cent to 13.2 per cent and we increased the maximum insurable earnings from 12,000 to 13,600.

Madam Chairman: Okay, I do not want to interrupt you, but I also have to keep my eye on the clock.

Mrs. Persad-Poliah: Sure.

Madam Chairman: So what I want to ask you, with respect to the increased contributions required, where is our fund?

Mrs. Persad-Poliah: Right.

Madam Chairman: When will it run out for want of a better term?

Mrs. Persad-Poliah: Right. Chairman, Madam Chairman, the Ninth Actuarial Review has projected that if there is no reform we must begin liquidating our assets in 2018/2019. Now that was said in the Ninth Actuarial Review. We have since, Madam Chairman, implemented two measures, which are, the ones that I just spoke about, increasing the contribution rate and increasing the MIE. That has given us an additional two to three years on the life of the fund.

What we need to focus on, Madam Chairman, is further contribution rate increases from 13.2 to 14.4 and then to 15.6 and secondly, to increase the retirement age. That is a clear recommendation in the actuarial review that will lead to the sustainability of the fund, along with, of course, freezing the minimum pension. So the fund is due—I want to repeat, if no reform is made we will begin liquidating our assets by 2020. We have already implemented the short-term measures, we now need the support of this Committee, the Minister of Finance, the Ministry of Finance and all our stakeholders in continuing the discussions that we have commenced with respect to the retirement age and moving it slowly from 60 to 65, over a period commencing 2025.

Madam Chairman: Thank you very much. What I would like to do now is to move on to the representative from Bacon Woodrow & De Souza Limited, Mr. Tim Kimpton. I am wondering, because we are live and because I do not want to have to peek around anybody's shoulders, if someone would volunteer to just move to the second row so that Mr. Kimpton can sit forward. [*Mr. Dan stands*] I know I can count on Mr. Dan for his chivalry.

Good morning, Mr. Kimpton. Thank you for accepting the invitation of this Committee and I will begin by asking you to give us a brief overview of what your firm does and also if you wish to make a brief opening statement with respect to the matter at hand.

Mr. Kimpton: Thank you and good morning everybody. You guess from my accent that I was not born and bred in Trinidad. I first came here in 1985, supposedly for three years and I am still here today. I have spent my entire working life in the area of providing retirement benefits, in the sense of advising employers or pension plan trustees how to provide retirement benefits, and I am now on occasion advising national insurance systems although, let me just make it clear, my firm does not currently advise the Trinidad National Insurance System.

The views that I am going to express now are the views of my firm, Bacon Woodrow & De Souza Limited. We are not representing any other body. I am just here as an interested and I hope knowledgeable party. The terms of reference I was given for this morning were threefold. The first, was to give a brief overview of NIS which I will do in a moment. The second, was to provide any clarification you might want on my written submission and the third, my perspective on the feasibility of the recommendations in the Ninth Actuarial Review, which I take to mean my perspective on the feasibility of implementing the recommendations in the Ninth Review. So if I may, I will tackle the first and third of those items in this opening statement.

I am aware of the word “brief” which, Madam Chairman, you have used as well as in the written instructions I got. I will do my best to be brief, but this is a very large and very important subject. So I will do my best, but I will crave your indulgence. I am going to try and concentrate on the important stuff and leave out some of the peripheral stuff.

So, if we just start with an overview of national insurance. There are actually three branches of national insurance which provide different types of benefits. There is a long-term branch which provides our pensions on retirement and also invalidity and survivor pensions. There is the short-term branch which deals with sickness, maternity and funeral benefits and the employment injury branch which the name speaks for itself. We can concentrate almost entirely on the long-term branch. At the moment that accounts for 90 per cent of the benefit expenditure by the National Insurance System. The Ninth Review, if you look carefully at the projections, says that in 50 years’ time the long-term branch will account for 97 per cent of the benefit expenditure by national insurance. So any changes you make to the other two branches have very little overall financial impact. The changes you make to the long-term branch potentially have a large impact.

The system at the moment covers employed persons. Benefits are to an extent, earnings related, but people are not covered to the full extent of their earnings as there is a maximum insurable earnings or if you would like an earnings ceiling and only earnings up to that level are subjected to contributions and only earnings up to that level go into the calculation of benefits. At the time of the last review, the earning ceiling was \$12,000 a month. Contributions have always been shared between employer and employee in the ratio

2:1. So employers pay twice as much as employees pay. So what struck me is that there is— if you like, a political risk there—a small “p” there, political risk with a small “p”. As time goes by and contributions do have to go up, that 2:1 ratio would be sacrificed and it would be expedient to lower the increased contributions onto employers rather than to employees. That has not happened so far, but it always struck me as a possibility. And at the time of the actuarial review employer and employee were jointly paying 12 per cent of insured earnings to the national insurance. So with the employers paying 8 per cent and the employees paying 4 per cent.

So one of the things I was asked to do today was to comment on the feasibility of implementing the recommendations in the Ninth Review. So it is worthwhile—very quickly running through the main ones. The first one which was already mentioned by the Executive Director of NIB, is that the maximum insurable earnings went up from \$12,000 to \$13,600 a month from September 2016. So anyone who is an employer like me saw quite a much larger cheque to sign in September than in August 2016. The review also recommended that there should be annual adjustment to those maximum insurable earnings; that they should go up in line with average earnings in the economy and also that there should be annual adjustment to benefits. For example, with those pensions and payments going up by the lesser increases in earnings and increases in prices. So the recommendations included automatic annual indexation of both covered earnings and hence contributions and benefits. Now that has not been done.

And then there were two recommendations which the actuary writing the review said were fundamental. And I beg to differ. I do not think they were fundamental at all. I think they were minor tinkering to be honest and those were to reduce the real value of the minimum pension. There is a \$3,000 a month, minimum pension. To reduce that real value by indexing it at a lower rate than the indexation of earnings, limits, contributions and benefits. And the chosen option in the report, as I understood it, was to index at 50 per cent of the full rate rather than to freeze the minimum pension entirely.

So that would allow the real value of the minimum pension to be gradually eroded by inflation and the review rightly identifies it. There is a problem with the minimum pension which I will come on to in a second. And the second of these two recommendations was to

gradually increase retirement age to 65, which, of course, is where national insurance started in the 1970s. Originally, we had the retirement age of 65 and that got reduced in the late 70s or early 80s to 60. Of course, those two things have not been done. And then there was a recommendation about contributions and the first step of that has been implemented; contributions went up to 13.2 per cent last year. But the review went further than that. It pointed to the need for progressive increases in contributions, ultimately taking contribution rate to 22.8 per cent of pay somewhere down the road, but you still need to think about whether that can be afforded.

So in rounded terms, the actuarial review envisaged the rate of contributions being paid to national insurance almost doubling from 12 per cent at the time of the review to 22.8 per cent some years down the road. And there were some other, I would think order recommendations which I do not think makes much sense for me to comment on today as time is limited, but I did comment on them in my written submission.

So, why is it we need higher contributions to national insurance as things currently stand? Well, if you delve deeply into the review you will find out why. At the moment we are paying 13.2 per cent of pay, jointly, employer and employee. That sounds like a lot but it is not enough. And I would stress that the inadequacy of the current contribution rate is not something that has happened by accident. It is not something that has been the result of maladministration; it is not something that is the result of poor investment performance. It is deliberate and it is done by design. From day one, national insurance, it was deliberately designed to start with a low contribution rate which would escalate over the time. And if you look around the Caribbean and you look at all of the islands who have got National Insurance Systems that were implemented with the help of the international labour office, they would have slight variations one to the next, but they all have this feature; you pay less now and hope someone can pay more in the future.

You asked about when NIS will run out of money. Now, I am conscious that this is a public forum and I think we have to be careful of the language that is used. Someone earlier said, NIS was in trouble. I think if you say NIS is in trouble we are going to see in the *Guardian* or the *Trinidad Express* tomorrow morning that NIS is about to go bust. That is not the case. NIS faces some problems and now is the time to develop serious solutions to them. The

review estimates that if you do nothing NIS would run out of money in 2029. One part of the review report, by the way, is sensitivity analysis. Everything that is in the review is based on estimates and projections of what is going to happen in the future. They rest on a whole set of quite complex financial and demographic assumptions. So the results are actually a function of the assumptions. If you make different assumptions about how long people are going to live, for example, you will get different answers. And there is a section in the report that shows you how many contributions you need or when NIS might run out of money if nothing is done; how those things vary with, apparently, very small changes in assumptions can produce quite big changes in outcomes. So when I said to you that the report is saying, well, eventually you need to pay 22.8 per cent, that is probably somewhere, actually the range is about somewhere between 18 and about 26 per cent, somewhere in that range.

And there is one other element of this review that shows you why contributions or that contribution need to go up if no other changes are made. If we were to say for whatever reason, I am not suggesting that you should, that benefits under NIS will stop accruing today, but we will carry on paying pensions to existing pensioners and when existing workers retire, we will give them a pension but based only on what has accrued and what has already been promised to them based on contributions that they have paid to date, NIS would have something of the order, \$25 billion to meet those benefit payments over the next however many years. But the review tells you—and actually to pay all those benefits that have been promised to date you need \$75 billion. So just to provide what is already being promised on the national insurance, you need to find another \$50 billion from somewhere. And that \$50 billion has got to come from future contributions, at the same time as people are contributing to meet their own benefit costs.

So I am going to be 60 next year. I am not planning to retire immediately, but within the few years I will be a national insurance pensioner and we are currently in a situation where the payments of my pension and for everyone else in this room who is in a similar generation to me, payment of our pensions depends heavily on the willingness and the ability of our children and our grandchildren to pay contributions to cover the cost of our benefits, as well as paying for your own benefits. And that is one of the reasons why NIS contributions have to go up. My generation has not paid enough to cover its own benefits so we are relying

on the next generation to do so. And my thesis is, in the long-term this is not sustainable because what will happen eventually is that the next generation or generation after that, of contributors to national insurance, will just walk away and they will say, no, we will not do this. And socially and politically it would be impossible to impose higher and higher contribution costs on employers and their employees.

So, I was asked for my perspective on the feasibility of implementing the recommendations in the Ninth Review. Yes, in the short-term it is feasible. I think there are some administrative challenges which the Ninth Review has glossed over, but it would be feasible in the short term to do the things in the review. But I feel quite strongly that is actually asking the wrong question. It is not a question whether it is feasible to implement the recommendations; it is more a question of, is it advisable to do so? Because the review is done very much on the basis of the status quo. And I do not believe that our status quo is sustainable in the long-term and I think what is missing is that there is no proper, clearly articulated and communicated long-term strategy for what national insurance is meant to do.

What is national insurance for? I would like to just stress here. I do not lay the blame for this at the door of NIB's management or the board. I mean, their website and its Mission Statement makes it very clear that the job of National Insurance Board is to deliver national insurance benefits as specified in the Act. So their role is the execution strategy. I would suggest the formulation of strategy as a political issue and a macroeconomic one. For example, raising retirement age to 65 has enormous implications to the economy as a whole. It is not just a national insurance issue.

So I think at the political level a long-term strategy has to be formulated and it needs to look at a number of things which are interrelated. One, is the level of benefits that NIS is going to provide and the second one is, what level of contributions as a country, can we afford in the long-term. It is no good promising benefits that are going to cost an amount that the next generation would not pay. So, those two things are intimately related if we have a lower level of contributions we are going to have a lower level of benefits down the road. So, I think there needs to be a serious conversation about what can we as a country afford—
[*Interruption*]

Madam Chairman: Mr. Kimpton, I do not want to break your flow, but I want to ask you this. If it is that, well, philosophically we have to start from a different point, what is our first question?

Mr. Kimpton: What can we afford long term, Madam Chairman? I mean, the comments I have made today I have been making in one form or another for the last 30 years and that has not changed. Some of the earlier actuarial reviews were a lot more opaque than the Ninth, for that matter, the Eighth and the Seventh. As a technical piece of work looked at by an actuary, I think that the current review is actually quite helpful because it goes into quite a lot of details and it takes a proper long-term view and it tells us that we have got some long-term problems, which earlier reviews did not make so clear. But it is an issue of cost. Can we afford as a country to pay something approaching 25 per cent of the pay, a lot of people, into a national insurance? Or is that just too expensive? Does that make our industry uncompetitive? Does it leave people with insufficient money to meet their grocery bills?

Madam Chairman: If the answer to that is that it is too expensive, is there an alternative, apart from simply dismantling the system?

12.00 noon

Mr. Kimpton: Yes, Madam Chairman, you need to look at what benefits you are providing and cut the cloth to—cut your suit to fit the cloth. I have got that wrong. You need to trim national insurance benefits if necessary to fit within a budget that can be sustained. And there are some broader issues as well you have got to look at. You also got to look at, is national insurance—what is national insurance going to do? Is it going to provide a fewer level of benefits to people who have got nothing else? Or, is it going to be the predominant provider of pensions in Trinidad and Tobago, and so squeeze out private saving and occupational pension plans?

For example, as recently as 2012, in the then Minister of Finance's budget presentation for 2012/2013, the declared aim was that the national insurance—the maximum insured earnings under the national insurance over a very short period would increase to \$22,000 per month, which is 60 per cent higher than the current figure. Now, the strategy behind that was never made clear, but it would appear to me that the intent there was that national insurance would provide pensions for everyone, and would probably end

up squeezing out private saving and squeeze out occupational pension plans, and would broadly end up in the nationalization of pension provision.

Now, that seems to have gone—slipped away. There has been no further mention of that, that I am aware of, but I do not think there is a clear strategy. I mean, you could set—you could pretend to keep the current strategy of NIS, but never increase the earning ceilings and increase the benefits, and then inflation would take care of the problems for you, which is what happened between that 1980 and the mid-90s in Trinidad, where we got to the stage where national insurance was verging on irrelevance, and then—

Madam Chairman: Mr. Kimpton, unfortunately because of our time constraints I have to enquire whether members have any questions for you.

Mr. Rambharat: I just want to make a comment, Mr. Kimpton, and you have dealt with it. I was drawn to that statement you made in your submission about NIS operating in a strategic vacuum, and throughout your submission you have talked about lowering the cost of NIS, and I guess you are directing our attention to looking at the benefits and trimming the benefits in line with what you could afford going into the future. When you talked about lowering the cost, is it just on the benefit side?

Mr. Kimpton: Yes, through you, Madam Chairman. My apologies for going on and on and monopolizing the last half an hour. I have a tendency to do so when I feel strongly about something. I am not necessarily saying you got to reduce the cost. So, I am not here to say you must reduce national insurance. What I am here to say is that we as a country have got to think about whether the cost that was revealed by the Ninth Actuarial —Review of national insurance, which I think is a pretty solid piece of work, are costs that we are willing and able to meet in the longer term, and willing and able to impose on our children in the reasonable expectation that they will meet them. And if the conclusion is that yes, we can afford to pay 20 to 25 per cent of pay into national insurance, fine, if that is what people want, and then adjustments will need to be made elsewhere. But if the conclusion is, well, actually long-term we are paying 13.2 per cent now and we do not want to be paying much more than 15 per cent down the road, you would have to adjust national insurance by trimming benefits to bring the cost into line with budget.

So, I am not necessarily advocating a particular slash and burn approach to national

insurance. I am not advocating that at all. I am saying, let us take this opportunity—a technically very strong piece of work from the actuaries who did the ninth review, to have a sensible conversation and work out where national insurance is going to go in the long term. And national insurance is a very long-term undertaking, and it has been around since the early 70s, and it is still not fully matured. It needs a long-term framework within which these ladies and gentlemen can manage it.

Mr. Rambharat: Do you have an opinion on the administrative cost of NIS?

Mr. Kimpton: “Aaah”, not something I have looked at closely to be honest. I know that there is material in the review on that, but I did not look at that closely.

Mrs. Persad-Poliah: Madam Chair, might we provide some information on the administrative cost? In fact, the limit set by the board of directors is 7.5 per cent of contribution income and we have been operating way below that. However, for the last financial year we came in at 4.8 per cent, way below the limit established for administrative cost.

Mr. Ramadhar: Thank you, Chair. Very briefly, Mr. Kimpton, what would be your view on a more robust approach to the investment aspect in terms of timeliness and—

Mr. Kimpton: Yes, as an actuary I tend to come more from the liability side of the balance sheet than the asset side of it. So, again, I did not look too closely at the stuff in the review on investment. The one comment I did make in my written submission, is that I feel that investment may be looked at from slightly to a narrower perspective, in that national insurance is by far the biggest player in the local investment market, and the problem every institutional investor faces in this country is finding decent investments. And there is a big danger that national insurance gets so big it squeezes everyone else out, which means it puts considerable financial stress on pension plans and on insurance companies. So that is allied to the level of contributions we pay to the national insurance, because the more contributions we pay the more money they got to investment, and the more pressure that brings to bear on a relatively undersupplied investment market.

Mr. Ramadhar: Well, in terms of—I am hearing you speak to a small pond, does that reference to—are you suggesting really that there is an urgent need to look beyond our shores for investment opportunities?

Mr. Kimpton: Yes, I believe there is. It is a great shame that NIS's governing legislation did not allow that to happen many, many years ago when foreign exchange was much more plentiful. I feel suddenly to say NIS can invest another 10 per cent of its assets overseas, where is it going to find \$2.5 billion of foreign exchange? It is not going to be able to. I sympathize with national insurance. The problem with the investment is a very tricky one. Also, the pension plan have the same problem, we cannot find anywhere to invest money.

Madam Chairman: Do you have a question? Okay, thank you, Mr. Kimpton. I just wanted to come back to NIB to enquire whether you had any views about Mr. Kimpton's contributions and suggestions.

Mr. Khan: Madam Chair, if I may. I mean, Mr. Kimpton has some views that we certainly share at the NIBTT, especially with respect to a sustainable long-term contribution rate and the way the system is going to evolve in the future. In fact, what was not brought out for the day as yet was the approach that the NIB is taking to ensure that we remain relevant and sustainable going forward. So, we have heard what the recommendations were from the Ninth Actuarial Review, however the NIB has not accepted all. We do not believe that moving the contribution rate to 22.8 per cent is something that a future generation would be willing to pay. So, in summary, what we have recommended to the Ministry of Finance, to support us with policy making is:

1. We intend to raise the contribution rate to 15.6 per cent;
2. We support the increase in retirement age over a period of time; and
3. We believe that we need to freeze the minimum pension at \$3,000.

That is phase one of our approach, and that would address some of the short-term liquidity needs.

Phase two of our approach is a wider reform discussion which we need to have with a number of stakeholders, including the Ministry of Finance, that speaks to what is the long-term vision of the NIB, what level of benefits would be deemed sustainable. Because we certainly do not hold the view that 22.8 per cent is something that we want to move towards. So, we agree in principle with most of Mr. Kimpton's comments.

Madam Chairman: Thank you. Member Rambharat has a question for Mr. Kimpton.

Mr. Rambharat: Just going back on the investment side. Your financials for the end of June

2016 still show the Clico Investment Bank—well, you call it an asset—\$728 million, still show that as an asset and it is supported by a note which sets out the efforts to recover that. But in the time that has passed since you published those financials, does it remain realistic that that asset as impaired as it is could be recovered?

Mrs. Persad-Poliah: Madam Chair, let me have my Head of Finance address the matter of that investment.

Madam Chairman: Certainly.

Ms. Davis-Holder: Madam Chair, we totally provided for this investment and talks are still going on between ourselves and the liquidator concerning this investment.

Madam Chairman: Does that answer your question? Any other questions?

Mrs. Persad-Poliah: Madam Chair, just for clarity in case there is any ambiguity. We made a full provision for it, but we are in discussions with the liquidator in an attempt to see if there is anything that we can recover.

Mr. Rambharat: The reason I ask, that represents a significant hit, \$728 million, to a fund that we have spent the entire session talking about the health of it, looking into the future. Has NIB done anything in relation to the decision to invest in that entity during that period September 2008 to January 2009? Has NIB examined that investment decision? And has anybody been asked to be accountable in any for that decision? Because it may not have been information available to members of the public, but surely an institution as significant as NIB ought to have been more prudent in making that investment at that time.

Mrs. Persad-Poliah: Member, what I can say is that our investment decisions are guided, as you know, by the Investment Act. There are several levels of approvals that are required at the level of management, then at the investment committee, and at the level of the board. I cannot speak specifically as to whether there were any sanctions taken, but I know that our investment policy is now a very robust policy, and we have included many checks and balances to ensure that our decisions are in keeping with what we can invest in.

Mr. Rambharat: So, are you saying that in September 2008 to January 2009 your investment policy was not robust?

Mrs. Persad-Poliah: No, I am not saying that member. I am saying that there would have been loopholes, of course, that would have been captured and amended in our new

investment policy statement. I cannot speak directly to that investment, member, because the persons who actually would have been involved in that are no longer at the NIB.

Mr. Rambharat: Would you be able to provide us, through you, Chair, with a report on that particular investment in terms of what has happened in the context of the decision to make that investment, and how it has been handled since then?

Mrs. Persad-Poliah: Most certainly.

Madam Chairman: Thank you all for your very valuable contributions to an area which is technical and is not easy to understand for those of us with no financial knowledge at all. Normally what we do at this stage is to invite closing remarks, but I do not think that that would be required. What I would respectfully ask of you, is having heard what each group has had to say, whether you would be minded to give us your comments in writing with respect to the statements or the policies advanced by the other groups attending today. Would that be agreeable to you? Yes? Mrs. Persad-Poliah, you do not look too comfortable with that suggestion.

Mrs. Persad-Poliah: Madam Chair, I would have appreciated a moment to just make one final closing statement. It would take me about 30 seconds if you would allow me?

Madam Chairman: Sure.

Mrs. Persad-Poliah: What we want to share with the national public and with the Committee, is that fund depletion is a reality. Reform is needed to ensure that there are benefits to pay for generations to come. The combined measures of freezing the minimum pension, increasing the contribution rate to 15.6 per cent, and gradually increasing the retirement age is expected to delay the liquidation of the fund to 2029. Of course, any changes to the retirement age is one that requires policy changes at the very national level. We have begun those consultations by engaging with our stakeholders representing business and labour. We have begun the discussions with our Minister of Finance since 2015. We have provided him with the necessary information. This is important to all of us, and we want the conversation to begin relative to the retirement age. I thank you.

Madam Chairman: Thank you. Well, since I gave 30 seconds to Mrs. Persad-Poliah, does anyone need 30 seconds? Thirty seconds up from grabs? *[Laughter]* Yes.

Ms. Lutchman: Yes, Madam Chair. So far as the implementation of the recommendations of

the Ninth Actuarial Review, the Ministry shares the NIB's concerns and continues to support their implementation, as well as looking at ways in ensuring the sustainability of the National Insurance to the of benefit of our country.

Madam Chairman: Thank you very much. So Mr. Kimpton it seems as though, like the cheese, you stand alone.

Mr. Kimpton: I have said more than enough. Madam Chairman, I do appreciate being asked to participate in this forum, so thank you very much.

Madam Chairman: Thank you. Now the thing is, this is an ongoing enquiry. It is likely to last longer than the enquiries we have engaged in previously, because it is a pretty large area and it is not easily digestible. So, we may call upon you in the future to return or to give us input in writing and so on, and we hope that we can look forward to your cooperation.

We want to thank the media, persons in the public gallery for attending, and particularly we want to thank the viewing and listening audience. I have been asked to make this announcement. The public is advised that the Committee's third enquiry into Commercial Banking Fees in Trinidad and Tobago will be presented in the House of Representatives, which is due to convene later today. The report will then be available for review on Parliament's website www.ttparliament.org, and all are encouraged to visit the website and review the report and offer any comments that you may have.

Since there is no other business, this meeting is now adjourned. Thank you all.

12.18 p.m.: *Meeting adjourned.*

VERBATIM NOTES OF THE EIGHTEENTH MEETING OF THE JOINT SELECT COMMITTEE ON FINANCE AND LEGAL AFFAIRS, IN THE ARNOLD THOMASOS ROOM (EAST), SIXTH FLOOR, (IN CAMERA) AND IN J HAMILTON MAURICE ROOM (IN PUBLIC) TOWER D, OFFICE OF THE PARLIAMENT, PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON FRIDAY, DECEMBER 08, 2017 AT 10.19 A.M.

PRESENT

Miss Sophia Chote SC	Chairman
Mr. Clarence Rambharat	Member
Mr. Obika Taharqa	Member
Dr. Lovell Francis	Member
Mr. Terrence Deyalsingh	Member
Ms. Sheranne Samuel	Asst. Secretary
Mrs. Delrene Liverpool	Legal Officer I
Ms. Aaneesa Baksh	Research Assistant
Ms. Terriann Baker	Research Assistant

ABSENT

Mr. Prakash Ramadhar	Member [<i>Excused</i>]
Mrs. Cherrie-Ann Crichlow-Cockburn	Member [<i>Excused</i>]
Dr. Lester Henry	Member [<i>Excused</i>]

EMPLOYERS' CONSULTATIVE ASSOCIATION OF TRINIDAD AND TOBAGO

Mr. Keston Nancoo	Chairman
Mr. Neil Derrick	Director
Mr. Ronald Ramlogan	Team Lead for Public Relations and Research

NATIONAL TRADE UNION CENTRE

Mr. Watson Duke	President, NTUC
Mr. Nirvan Maharaj	President General, All Trinidad General Workers Trade Union and 2 nd Vice President, NTUC
Mr. Michael Annisette	General Secretary, NTUC and

President General, Seamen and
Waterfront Workers Trade Union

JTUM/OWTU

Mr. Trevor Johnson

Asst. General Secretary

Mr. Christopher Henry

President, Steelworkers Union;
Joint Leader, JTUM

Mr. Peter Buke

Vice President, OWTU and
Member of JTUM

Mr. Ashton Cunningham

General Secretary, Federation of
Independent Trade
Union and Non-Governmental
Organisations; General Secretary,
Fire Services Association

Madam Chairman: Good morning all. The meeting of the Joint Select Committee on Finance and Legal Affairs is hereby reconvened. This is the Eighteenth Meeting of this Committee and the Committee today is convening for the purpose of having its second public hearing pursuant to its enquiry into certain aspects of the National Insurance System of Trinidad and Tobago.

The hearing is being broadcast live on the Parliament Channel 11, Parliament radio 105.5 FM and the Parliament's YouTube channel, *ParlView*. Members of the viewing and listening audience may send comments via email at parl101@ttparliament.org, or on the Facebook page at [Facebook.com/ttparliament](https://www.facebook.com/ttparliament), or on Twitter @ttparliament.

Now, having got that out of the way, I would like to warmly welcome the officials and representatives of the Employers' Consultative Association, the National Trade Union Centre and the Joint Trade Union Movement. There are no ladies, apparent, so may I ask you gentlemen to just introduce yourselves to us and to the viewing and listening audience, starting from Mr. Johnson.

[Introductions made]

Madam Chairman: Thank you gentlemen. It seems as though we are privileged to have a roomful of celebrities for today's hearing. Allow me to introduce myself. My name is Sophia Chote SC. I am an Independent Senator in the Parliament of the Republic of Trinidad and Tobago. This is one of the Committees which is chaired by an Independent Senator. I will

ask the members who form part of this Committee or at least those who are present to introduce themselves to you.

[Introductions made]

10.25 a.m.

Madam Chairman: Thank you. Now, just so that we start from the right point, I am going to read out the five objectives of the enquiry so that those who may be now joining us will have an idea of where we are. First:

To examine the recommendations of the Ninth Actuarial Review of the National Insurance Board of Trinidad and Tobago;

To examine the implementation of the actuarial recommendations of the Ninth Actuarial Review of the NIBTT;

To examine the investment policy of the National Insurance Board of Trinidad and Tobago;

To understand the trends in income and the relationship to the payment of benefits;
and

To make recommendations to improve the sustainability of the National Insurance System.

Now, at this stage what normally happens is that the head, or leader of each group, is asked to make a brief statement lasting no more than two minutes, but what I have to do at this stage is, because of an emergency, I have to take my leave and the Vice-Chairman of this Committee, the Minister of Agriculture, Land and Fisheries, Mr. Clarence Rambharat, will take my place and will continue with the enquiry, and I am sure that there will be much fruitful discussion that will come out of it. So since I have to leave I have to thank you for making the effort to be here and for contributing towards our enquiry.

[Madam Chairman departs]

[Mr. Rambharat in the Chair]

Mr. Chairman: Good morning. Thank you very much. So maybe we could start with the opening statement from the Employers' Consultative Association.

Mr. Nancoo: Thank you, Mr. Chair. Decent work expresses the basic aspiration of people everywhere for work that allows them and their families to live in dignity. Moreover, decent

work is universally accepted as a pathway out of poverty once conditions of equity, security and human dignity are present and maintained. In this regard, the Employers' Consultative Association recognizes social protection or social security as an integral part of this effort. The International Labour Organisation has also advised that social protection is about people and families having security in the face of vulnerabilities and contingencies throughout their life cycle. This organisation further recognizes social protection as a key element of national development strategies and its role in achieving sustainable development and promoting social justice.

Mr. Chairman: Thank you very much. Mr. Duke?

Mr. Duke: Mr. Chairman, I thank you very much for inviting the National Trade Union Centre to an enquiry into certain aspects of the National Insurance System of Trinidad and Tobago. May I state here and now that we received this document on the 23rd of November, 2017, and we were asked to do a presentation of our ideas on November 29, 2017. The issues here are deep; they are wide; they require meticulous study; and I will say, general consultation with our membership.

So, NATUC considers it a form of disrespect, I would say, to be given the Ninth Actuarial Review and to be asked to comment on three narrow issues: the role of employers in supporting the sustainable development of the National Insurance System of Trinidad and Tobago; the potential implication of an increase in the retirement age on workers; the performance of NIBTT in distributing benefits to employees under your remit who submit NIS claims.

We are confused this morning by the time given to respond, and so therefore NATUC's response this morning would be a little wider than what it has been confined to, given that we represent in excess of 80,000 people in this country, which represents a lot of families. So until the questions are asked more directly, I will reserve my comment as to explain why we considered it to be disrespect.

Mr. Chairman: Okay. Thank you very much. And let me clear up a few things. One is that the Ninth Actuarial Review has been in the public domain for a few years now. It was for the period ended 2013 and the trade unions are represented on the board of the NIB, so it would have been something that I expect would have been discussed at the level of the board. The

document has been in the public domain. Having said that, the purpose of the brief and the questions given to NATUC and to all the other groups would have been to identify some of the key areas for discussion. But you have heard the five areas that the Committee has set itself for its work, and it covers more than those three areas you have read out.

The point of this enquiry is to take, in the context of the Ninth Actuarial Review—and the Ninth Actuarial Review really builds on what has been in the public domain and set out in the first eight actuarial reviews. There are some things in the Ninth Actuarial Review that are either new or more focused than previously, but the general trend has been that unless we raise contributions, unless we deal with the issue of the retirement age and unless we look at the investment portfolio of the fund closer, we would run into problems at some stage. But that is based on actuarial assumptions.

So, it is not the only time for NATUC or any of the other groups to contribute. The purpose here is to open a public discussion involving you, to give you the opportunity to make further submissions in writing and, if necessary, to invite you back again, either in camera or publicly, to make a further contribution. Because it is not a new matter. It is not an easy matter and as you have rightly said, the Ninth Actuarial Review is a very substantial document which we accept that you would need to not only consult with your membership but also consult with your expert advisors. And I give you the assurance, on behalf of the Committee, that we recognize the importance of your role and the importance of your contribution and there is no desire to close this enquiry today. We recognize that it requires much more time than today. Thank you.

Mr. Johnson: Good morning, again, members of the Committee, Deputy Chair. Trevor Johnson, representing the Joint Trade Union Movement. I just want to express, on behalf of the JTUM, and of course my colleagues who are present with me—just want to thank you for the opportunity that we have to deal with this issue which, as you rightly said, is a very complex issue.

The National Insurance System was introduced as a measure of social protection and is well supported, as we know, by conventions and recommendations of the ILO. We, too, whilst notwithstanding what you have just indicated, we, too, would have certainly, for the matter of record, would have certainly liked to have more time to prepare for this particular

session.

But I am also grateful and noted that you have indicated that there will be other opportunities, and, hopefully we will be invited back as, you know, the representatives of the labour movement so that we can, perhaps, by then, having had the time to make the appropriate consultation—because it is not that we have only just begun it when we got this particular correspondence or invitation, but this is something that the labour movement, certainly the Joint Trade Union Movement, has been discussing for some time now. But it is a complex issue and we would certainly like to have the time to be able to give greater consideration to it. Nevertheless, we thank you for the opportunity given today and we will be expressing, what I would consider, some preliminary recommendations and areas of concern as the session goes forward. Thank you.

Mr. Chairman: Thank you very much, Mr. Johnson. And I believe we have someone from the other group? Is there another representative who wishes to give an opening statement? No? Okay, fine. Thank you very much. Well, I would ask Dr. Lovell Francis to open the discussions.

Dr. Francis: Good morning, gentlemen. The obvious question to start with is—both Mr. Johnson and Mr. Duke mentioned the issue of having not enough time to really vet the actuarial report. The obvious question to start with, even given the shortened period that you would have had to look at it, what is your take on the document from whatever review you would have done?

Mr. Johnson: Well, perhaps I would just begin with some preliminary comments, part of which I will quote from the consultations we have done so far among ourselves. It appears to us that the Ninth Actuarial Review reflects that the NIB, or the National Insurance System, is in a financial dilemma, certainly, and one of the things, from a layman's point of view it seems to be pointing to, is that the level of contributions that are made at present seem to fall short in terms of when you compare it in terms of the payments or the benefits being paid out.

The National Insurance System is a pay-as-you-go social security scheme so it relies on multiple contributions from each recipient of benefits. Its contribution income must at least equal, or better still, exceed the benefits that it pays out, plus, of course, we have the

whole issue of administrative costs. And from our reading of it, it seems this has, since 2013—there has become—you know, there would have been challenges before that, but since 2013 there has been a serious problem or gap created and it has led even to investment income being used to supplement the shortfall.

So there are two critical areas to highlight. One is, there seems to be a declining ratio of contributions-to-benefits expenditure, and it also appears that NIS is paying out benefits at significantly higher levels than their income, or inflows. So that you have a declining ratio of contributions-to-benefits expenditure. In short, they are paying out more than they are getting in. But one of the immediate concerns we have—because every day on a weekly basis workers come through our union—the Banking Insurance and General Workers’ Union—and one of the complaints very often is that their contribution is deducted from their salary—that is a fact because they get their payslip, et cetera—but when they check with the National Insurance Board they are finding that these benefits are not reflected in terms of what is allocated to them.

So, clearly, there seems to be—I cannot speak to how wide-scale that is, but we do get that complaint repeatedly. And, therefore, if you are talking about the question of inflows, immediately one of the concerns that comes up is the issue of the administration of the National Insurance System—what is happening, for example, with its compliance system? How is it possible, for example, for deductions to be made from workers’ emoluments or income—remember, this is not something that the worker goes to pay; it is deducted beforehand. It is a statutory deduction, so therefore the worker has no say. Once you are a salaried worker it is deducted.

And why is it that some of these payments are not reaching the National Insurance Board when workers go to—very often, close to their retirement, workers will take the opportunity to go and check to make sure things are in order. Because on the other hand—and I will stop after this—is that you get statements from the National Insurance Board as an individual on an ad hoc basis. So every so often you are surprised. You look in your mailbox and you see mail from the—but it is not calibrated on a quarterly or yearly. It is not sure. You just see it every now and then. You get a statement. You are surprised, you look at your statement and then you realize there are gaps and when you go to the National

Insurance Board they indicate to you, “Well, we did not receive those payments”.

Sometimes you go back to your employer. They said they made the payment. Or then you discover that your employer has not remitted those payments. So a number of scenarios evolve. So immediately it draws the question, if the National Insurance Board is claiming that there are shortfalls in its income stream, clearly there are probably funds that were deducted that are not reaching and there may be other issues that we need to understand in terms of the efficiency of the administration of the National Insurance System. So I would like to pause there for now.

Dr. Francis: Could I have a take on it from Mr. Duke?

Mr. Duke: Thank you, member, for asking NATUC to comment. I read the document—not all of it—and what I saw on the document is a lot of plagiarism, taking other people’s work without giving the credit to it. A lot of statistics being quoted, no reference as to where those statistics were taken from. I also see a lot of figures misrepresented, of which I will point out just one. There is a document that would have come from this document, it is written by NIB, called an Overview of the National Insurance System. The pages are not numbered so I cannot reference the page I am reading from. But under the “Population Projection”, when one does a meticulous check on the ages of the population between 2013 and 2063—50-year span—you will recognize that the age groups, zero to 15 would decline by some 86,000-plus in 50 years, from what it was in 2013. That is what they are putting here. It goes further. Between the age group 15 to 59, you will see that also declining to some 202,000 within 50 years. But the age group, 60 years and over, increases exponentially by 212,000-plus. Where these figures came from? What is the basis for arriving at this? Those are statistics.

Then as you turn the same page again, in the same document under “Minimum Pension”, a statement is quoted as if it is truth, but it must be rooted on some sound doctrine. “Currently, the minimum pension represents 115 per cent of the minimum wage.” Well, I had to go back to my books and I recognize the minimum wage is set at \$12.50 per hour. Am I correct on that?

Member: \$15.

Mr. Duke: \$15, okay. So it is less. \$15? Okay. It has increased, so I will withdraw that point. But there are several statements throughout this where I see statistics are placed for us to

believe in but it is not said where the statistics are coming from. This is a serious document and there must be some table of reference, some bibliography, or something that says to us that these documents are true and honest and can be replicated in other documents.

So I am left to conclude, and NATUC is left to conclude, that it is a document that is skewed towards achieving the aims of why we are here: to increase the contributions and increase the retirement age. But the reason for it is not properly justified. After all, there are over 1,500 appeals at the Appeals Tribunal and there is no board in place to organize the tribunal. These claims are coming from persons who are unable to get off their sick bed, from persons who are disabled, persons who are challenged in various ways and require the social security, the social blanket, and for some reason, that claim is not important. That claim is just somewhere in limbo. We are saying that it is not enough. It does not go far enough to speak about the real issue of NIS and its impact upon the working class.

Dr. Francis: Mr. Duke, is it that, to some extent, you misunderstand the nature and purpose of an actuarial report? Because your response does, in my opinion, display a misunderstanding of what this specific report is centred on and its intent and purpose. Is it that you are somehow misapprehending what the report is and what its function is?

Mr. Duke: So, member, I wish to restate my position. At the entrance of my preamble I would have indicated to all house, and I believe you were most present when I said that we had insufficient time to run it by our members. And then you posed the question as to what our take is. I have given you my take and now you are challenging my understanding of it. I am wondering if I should have even spoken at all.

I have said we are going to operate outside of the narrow confines you have given to us. All right? But more or less I have spoken about the report. You have given a report. We have gone through the report. A lot of statistics. Yes, that may be the way it is accustomed to be done, but we want to verify the information. How, in 2013, when compared to 2063, we have a decline in the entire population but a growth in those persons who are 60-plus? You know? What are the statistics based on? That is what I am asking.

Mr. Deyalsingh: So maybe I could probably lend some clarity to the dilemma that President Duke is facing, understanding two things: One, the population decline and the increase in population in a particular age group. So let us see if we could deal with them sequentially.

What is happening in Trinidad and Tobago, we are starting to join the ranks of countries where, because of many factors—increased access to health care and so on—people are, in fact, living longer, and in Trinidad and Tobago we are starting to see that phenomenon, that you have more people living longer. Countries like Japan, they have that particular issue. So you have people living longer but at the same time our total fertility rate in Trinidad, that is, when you assume the number of children each woman would bear in her lifetime and you scale that down to one year, what is happening is that our total fertility rate is declining.

So two things are happening simultaneously. One, our people post-retirement are living longer, and the working population to provide the income stream to support them, that is declining because our birth rates are declining. There was a time, President Duke, you may remember when governments had to find, I think, 30,000 places for primary school children. Now, that is down to 16,000 or 18,000. You could correct me if I am wrong.

Dr. Francis: It is actually just over 18,000.

Mr. Deyalsingh: Eighteen thousand. So we have an absolute decline in our birth rates and that is one of the key drivers that is giving the National Insurance Scheme a problem: people living longer and our birth rates have declined significantly, because more women are delaying having children. They want to go to university, which is very fine, and they delay having children until their 30s. But then they do another thing. They make a conscious decision to have less children. So that is a big part of the social dynamic facing us. So I hope I have been able to bring some clarity to the issue.

Mr. Obika: Chair, if I may also add. Initially, just to say, since it is the first thing I am saying, apart from greetings, the presence of the tripartite system is important—so the Government, the trade union movement representing labour, and the employers. One issue as well, the precursor to what Minister Deyalsingh mentioned, is when the system was set up the population would have been much smaller and would have been growing. So the working population would have been growing. So therefore, the contributions per year would have been increasing each year as the working population increased, and as the contributions also increased per person.

However, you are seeing a reversal of that. The working population is now declining and the persons who are dependent on the retirement contributions by way of a pension,

that is being extended. So you have that challenge, which has been recognised by a contribution from a member of the trade union movement. So, in essence, as we begin the consultation with labour and employers, the issue really is, what would be the concerns and what would be possible solutions that we can consider as a nation going forward.

Mr. Chairman: Thank you very much. Gentlemen, maybe we could focus on three specific areas and I would invite your views on these three specific areas. And the way I propose to deal with it is, we hear the views of the three groups on the first area, then the second area and then the third area. So I want to invite your discussions on, one, the issue of the contribution rate, because I think all of you are sufficiently experienced and involved in the issue of the contribution rates. It is something that comes up in every actuarial report and it is something that has been addressed on numerous occasions. And this actuarial report, of course, talks about dealing with the contribution rate. In fact, a change has already been implemented but it also makes the point that—you get to that point where your contribution rate starts being ineffective and, in fact, it becomes onerous on the contributor. So on the issue of the contribution rate, I would like us to open that discussion.

The second area is the issue of the retirement age, and we have, in fact, received a written submission from JTUM on the retirement age, but I would also like us to, for the benefit of the public, have a discussion on the retirement age. And the third area I would like to invite your comments, for the purposes of a discussion, is on the area of the investment portfolio and its management. And we have groups which are represented, and historically represented on the board of the NIB, and we actually have Mr. Annisette who has been an NIB board member and Mr. Nancoo. Have you been on the board?

Mr. Nancoo: No, I am—

Mr. Chairman: But the ECA has long held positions on the board. So maybe I would invite JTUM first, on the issue of the contribution rate and your views on that.

Mr. Johnson: I would just like to seek your concurrence for my colleague who is more schooled in that—

Mr. Chairman: Yes, sure.

Mr. Johnson:—Comrade Burke, to speak to that.

Mr. Burke: Good morning again. Peter Burke, OWTU. The contribution rates for any scheme

like the NIS is dependent on, just like in pensions, is dependent on a number of factors. The contributions are tied to the benefits and the number of people that are contributing and the contributions of the employer. And because of a number of factors in the society, including—as eloquently explained earlier by one of the members of your Committee—declining birth rates, falling employment and so on, and the type of employment, and the fact that the NIB cannot always capture all the workers. I think we have a significant amount of self-employed persons who are not captured in the net. So that the fund declines and the Chairman has asked for us to discuss investments after. Investments have generally been flat.

10.55 a.m.

So a lot of pressure is being put on the contributions because of those factors I just described. It is clear that information, data, the lack of the acquisition of quality data puts pressure on those who are already employed and the targeting of new contributions becomes a lot more onerous.

So I think in order to really do justice to the contributions to the NIS we must ensure that we capture as much of the employers as possible, employees as possible, and we have to be better at policing this aspect of the operations of the scheme. We are inundated with a lot of complaints from workers that they contribute and they do not have their—when they go to get claims there is no record of the claims being put. Now, we do not have the statistics to prove how rampant this is, but clearly this is an area that has to be given attention, that employers must remit deductions for NIS to the scheme, and when you delay those deductions interest is lost and the fund suffers. So we need to look at that aspect of it, policing of the contributions by employer and employee.

Having set the context, the actual report gives some very dire predictions as to what is going to happen if we do not address these issues. It is clear that contribution rates of 36 per cent are not sustainable and we must ensure that the efficiency in collection is increased, the policing of contributions is made efficient, and that we look as a society, and as an economy, at the investment climate. Because there was a time when—as an institutional investor, probably the biggest institutional investor in the economy, the NIB, would have been benefiting from large returns on bonds, and stocks, and so on, and that is relatively flat at the moment. So we need to have a more efficient collection, and if it is that we are as a

society engaging in employment practices which make it a lot difficult to collect contributions, I think that is something that we need to look.

A lot of self-employed people are out of the system. They are not captured by the system, and this does not augur well for the social security in the future. A lot of these workers who are self-employed will collect a pension and that puts additional pressure on the system especially given the fact that they may not have contributed while they were self-employed. So we have to look at this systematically, and we have to look at solutions which would ensure that contribution rates of 36 per cent would not be necessary because that would make—we have had serious complaints about raising it to \$500 in some cases, and it is extremely difficult for employees, particularly in an environment where there is a lot of difficulty in completing negotiations on time, to increase NIS contributions to those levels.

We have to find a way, and it is not just one area of the quality of contributions. It is a certain set of policies that must be put in place to ensure that the NIB remains sustainable. Contributions is not the only answer. At this point in time, we have a general idea where we need to look at, but an overall plan is one of the purposes of this consultation. So we can say safely that those projected contributions cannot fly. Our position is that the issue of extending the retirement age to 65 is a situation that depends on collective bargaining and it should not be imposed from outside. That may help or it may just simply delay the inevitable. So we need to have more fundamental solutions to that problem. I think I can yield at this point?

Mr. Chairman: Yes, thank you very much. I just want for the record, just that you said that the 36 per cent in your view is not sustainable, could you be more specific, or could you explain what you mean by sustainable?

Mr. Burke: I do not think that it is affordable because if you—

Mr. Chairman: As a percentage of gross income.

Mr. Burke: Yes.

Mr. Chairman: I just wanted that clarified.

Mr. Burke: That is precisely what we mean.

Mr. Chairman: I will ask Mr. Nancoo to address the issue of contribution rates from the point of view of the employers.

Mr. Nancoo: Sure. Thanks, Chairman. Well, the long-term cost of the promised NIS benefits is significantly higher than the 13.2 per cent of salaries currently being paid. The original structure of the NIS was designed to require increases in contribution rates over time. The problem is that increases are often resisted or considered unaffordable when required. I think more importantly something that we must take into consideration is that the contribution rate follows the ageing rate. And that being said, it does not give consideration to the impact of that moving to age 65.

More importantly, while the proposed future increases no doubt are a mathematical solution to the funding problems of the NIS, we question whether they are realistic. If we are unprepared now to pay 23 per cent contributions, why would any other future generation consider them affordable? Many other countries have been forced to scale back pension benefits as populations have aged often with severe social disruption. While employers also acknowledge that contribution rate increases are inevitable, the level of increase proposed in the Ninth Actuarial Review was generally not supported by those polled in our survey, which is something we did when we got the invitation just to get a feel.

At the same time, a reduction in benefits is likely to be met with significant social resistance. In this regard, the ECA proposes an acceptable mix of an affordable contribution increase, coupled with a rationalization of benefits possible under this increase. Both the rate of increase and the change in benefits must be subject to extensive and inclusive consultation, and tripartite dialogue.

Mr. Chairman: Thank you very much. NATUC?

Mr. Duke: Mr. Chairman, I wish to defer this question to the General Secretary who will comment further on it.

Mr. Chairman: Thank you.

Mr. Annisette: Thank you, Chair and your members. From where NATUC sits, there has to be a holistic approach to this whole issue, and we have to pay attention to the realities of the particular situations. Let me place on record NATUC has no qualms about actuarial reviews because that is part of any pension plan or social schemes. You must do it. You have to do it. We may have a problem with some of the outcomes, which we claim the right to have that disagreement. But in terms of the issue of the actuarial reviews, I want the records to be

clear that we have no issues. The actuarial review is required every five years; every five. Statutory requirements is a five-year cycle.

Having said that, the issue to me is what is the purpose of the actuarial evaluation, is to do an analysis of all what we are talking about and make recommendations in the context of where we should go in terms of benefits. A fundamental point that is being missed is that too often benefits increases are politically motivated and have nothing to do with the actuarial evaluation. Our records would have demonstrated that from time to time there are increases announced by the Minister of Finance, Parliament approved it, and there is no reference to the implications in terms of the liability that those increases are being placed on the plan, and our research would have told us that that scenario between the period 2003—2016 would have cost the NIS over \$10 billion in payments. And the point that NATUC wants to make is that that payment had nothing to do with a reference to the actuarial reviews analysis in terms of where we have to go, and therefore, there is a “disjointment” of what the actuarial revenues is saying in terms of what we are supposed to do and what is happening.

Having said that, I would like to make a particular point. When we look at—and this is a national insurance document that I am quoting from which deals with key performance indicator for the year ending 2016, and what it says is that benefit payments amounted to \$4.51 billion, contribution incomes—which is critical—amounted to \$4.25 billion, realized investment income amounted to \$1. billion, but the total assets—and that is critical and that is important—of the scheme is \$25.49 billion, and when you look at the administrative cost it is 5.32 percentage points of the contribution income. The question that I want to pose here today is when you look at the contribution income as opposed to the payment benefits, which is critical because we are talking about income and we are talking about paying out, the point that NATUC was making is that when one looks at the amount of persons who are out of the loop and this, with the greatest of respect, actuarial evaluation does not address that particular issue.

This actuarial evaluation does not address the issue of several employers that we have who are not registered, and therefore, who are not paying their contributions. And we are saying in NATUC if we have to make decisions of that nature, we must do it in a holistic way where all the indicators, where all the data is before us, that will give us the ability to do

the kind of analysis that is necessary and make the projection that is necessary. And when comrade Duke was making his point, he was making the point in that context. How could an actuarial evaluation make those kinds of projection when several indices, several indicators, and several realities are not part of the evaluation? And therefore, we are saying in the National Trade Union Centre that if we are to comment on that specific issue, it will be flawed in our view if we do not have the holistic data that is necessary.

How many employers are not paying their contributions, how many employers that deduct their contributions and do not remit it to NIB, how many employees we have outside there, be it self-employed, et cetera, that are not making contributions, and therefore, if those contributions are realized what will be the position in terms of the contribution income that we have at \$4.25 billion? I think that if we are doing any critical analysis, Mr. Chair, I think from where we sit, from the National Trade Union Centre, that has to be a critical ingredient, and we are saying that it is lacking. Therefore, to make a projection in the absence of having those fundamentals will be doing an injustice from where we sit in the context of making a statement on a presumption without having all the data that is necessary for us to make that kind of contribution.

Mr. Chairman: Thank you very much. And before I pass on to the other members of the Committee on the issue of contributions which is the first issue I asked the three groups to address, I want to ask this question because the National Insurance Board, National Insurance Appeals Tribunal, still retains a very unique structure in the country, which is a tripartite structure, and I think it was deliberate and it represents the way it is dealt with in the region, but I wanted to ask you since you have raised not just NATUC, you have raised the issue of the failure of employers to contribute and you have raised the issue elsewhere of the record of contribution, and I speak because I have served both at the tribunal and elsewhere in the NIB and I am familiar with the problems that the tribunal that Mr. Duke pointed to—and let me say, Mr. Duke, I know that Cabinet has approved the three tribunals and it rests with His Excellency the President to make the appointment. I know the names have been approved. What have you done on the employers' side and the trade union side, given that you are represented on the board of NIB, what have you done in relation to this failure of employers to contribute as they should under the law to the fund, having deducted

the contributions from the membership; and what have you done to improve the performance of the National Insurance Board in relation to making sure that the records of service and contributions are available to contributors on a timely basis, particularly as they approach retirement?

Mr. Burke: Mr. Chairman, Peter Burke, OWTU. Now, quite frankly that sort of oversight is the purview of the board and in some cases—I am familiar with one example where an employer did not contribute for a period of time and they had to pay over \$4 million in fines, and so on. Now, I suspect that the scarcity of proper data is contributing to the problem, but once these infringements are detected, I think it is the responsibility of the board to take action against these errant employers. As a practising trade unionist, once these issues are detected we would normally take it through the grievance procedure and probably inform the authority that this employer has not been passing contributions to the NIB. But I must emphasize the importance of the board itself beefing up its oversight over employers, because at the end of the day if it is lax people will take the chance and not contribute in accordance with the law.

Mr. Chairman: Thank you. Before we move on, I just want to invite member Deyalsingh.

Mr. Deyalsingh: Thank you. Thank you, again. Mr. Annisette, General Secretary, is quite correct when he says that we should take a holistic approach to this. So far we have been focusing on the contribution stream of income to NIB. If I could just, with your permission, Mr. Chair, and through you, shine a light on the other income stream which is investments, and I want to make the point that countries that have set up robust investment instruments, like Trinidad and Tobago's own Heritage and Stabilisation Fund, which is performing very well—in the case of Norway, they have a Heritage and Stabilisation Fund approaching \$1 trillion and which they are probably going to dip into for the first time and is performing well, maybe because of governance issues—I want to ask about NIB's investment policy and directly—I do not know if members are here—their investment committee which has a duty to invest their workers' funds in investment instruments which at the very minimum, at least maintains the investments capital value, and I want to ask specifically—I do not know if anyone here can answer it, maybe we need to go back a few years—there was an investment decision made by the NIB in 2014, Mr. Chair, to purchase Apsara and Tamnak Thai

restaurants around the savannah, which were then Queen's Park East I believe, which were independently valued at \$16.5 million. That was the independent valuation. NIB, for whatever reason, paid the owners \$37 million. So they overpaid for these properties in 2014 by \$20.5 million.

In addition to that, they then spent \$5 million of employees' contributions having already overspent by 20.5, add another five, to repair the buildings not for the use of NIB, but then leased it back to the owners, Mr. Canova and Mr. Mohammed—I see Mr. Nanchoo is smiling—and I want to ask the question: What would have driven that type of investment decision to take contributions to purchase a property valued at \$16.5 million, pay the owners \$37 million, more than twice the independent valuation, then spend five million to repair it and then lease it back to the owners?

So, Mr. Annisette, General Secretary, is quite correct when he said we need to look at this whole thing holistically. So when we focus on direct contributions, if the NIB made wise investment decisions as Trinidad and Tobago's Heritage and Stabilisation Fund, as Norway's Heritage and Stabilisation Fund, it could have a very positive impact on the employees that we seek to protect. So the question that needs to be thrown out there is what drove this investment decision, Mr. Chair, in 2014.

Mr. Burke: If I may respond, Chair, to member Deyalsingh. We have been talking about a tripartite board, and as far as I am aware it is balanced in terms of three representatives, employers, trade union and Government, and the Government holds the chair. The chair also of the investment committee, as far as my memory recalls, has the opportunity. So that this is not something—and I am not in any way trying to defend what you are saying. Okay? But we have to stay consistent with the fact that that was a decision that would have been made in the full view of the tripartite body.

Now, you spoke about the investment and I know for a fact that there is a limitation. As distinct from the Heritage and Stabilisation Fund, the opportunity they have to do overseas investment, the NIB has a limitation to that and I am well aware that efforts would have been made to the respective Ministers of Finance to give the NIB some room where that is concerned. I think Minister Howai gave some temporary room, but I do not know what the state of play is. So I am of the view, and I do agree that there is an absolute need for the

NIB to be given the opportunity to do investments, you know increase, so that the spread could realize more benefits.

Mr. Deyalsingh: So, are you saying the decision in 2014 to purchase Tamnak Thai and Apsara for \$37 million when an evaluation was at 16.5 was a Government decision?

Mr. Burke: No, no, I am not in any way saying that. I am just reiterating—

Mr. Deyalsingh: Would you consider it a wise investment decision?

Mr. Burke: No, not at all.

Mr. Deyalsingh: Thank you.

Mr. Burke: Not at all. I was just saying, making the point that we are talking here just as we are sitting here in this room today as a tripartite.

Mr. Deyalsingh: Thank you.

Mr. Burke: So blame ought not to be passed on any one particular entity. That is the point I am making.

Mr. Deyalsingh: I fully agree. Thank you.

Mr. Chairman: Thank you very much. I want to invite member Francis.

Dr. Francis: Mr. Nancoo, morning again. How do you respond to the suggestions of employers acting improperly in terms of not registering on one hand and then not making remittances on the other hand?

Mr. Nancoo: Member, I am not in any way here to defend any employer who does not comply with the law. Employer compliance is approximately now about 89.9 per cent, and certainly one would expect a higher level of compliance. I know that the NIB—generally in the country it is about enforcement and we can have as many laws written on the books, but if there is no enforcement then nothing is going to happen. Again, I am aware that more recently the NIB introduced a stakeholder subcommittee of the board primarily to look at to focus on collections and all the rest of them.

Going back to the days where you had compliance officers walking with a big set of spreadsheets, and so on—some of us who are old enough to recall that, they come to your office every Monday morning with a big binder and they sit down and stick on stamps and whatever it is. So really there has been a falloff in terms of collections, and that insistence to close those gaps and that is the reality.

Dr. Francis: If your association was to become aware of any employer, or employers who are not in compliance, do you all in any way attempt to encourage?

Mr. Nancoo: Of course. As we do sensitization sessions, and so on, orientation sessions, we encourage our members to ensure that they comply with all statutory regulations and all the rest of it. It is an ongoing effort by the Employers' Consultative Association to ensure that our members recognize the importance of compliance.

Mr. Deyalsingh: Through you, Mr. Chair, to Mr. Nancoo, how many employers have been charged, successfully prosecuted for not complying and protecting—I mean, I am all for workers being protected, so the question is, as a body, how many people, how many employers have been charged for this offence?

11.25 a.m.

Mr. Nancoo: I know that some would have been and I am speaking from the perspective of being on the NIB board for a period of time. I know that legal action has been taken but I am not in a position to say, you know, to speak to the numbers, the specifics of the numbers and so on. But I know that legal action has, in fact, been taken against some of those.

Mr. Deyalsingh: May I urge that this be treated with some degree of urgency because I think the trade union movement, they really have a legitimate concern, as I do and I share their concern, that employers who are not fulfilling their mandate ought to be penalized to the fullest extent of the law. This is abominable. So may I encourage you to beef up your legal department and make sure errant employers are brought to book. I share this with the trade union movement.

Mr. Chairman: Thank you very much.

Mr. Maharaj: Mr. Chairman, if I can crave your indulgence. I think a lot of the questions being asked basically fall outside of the remit of the National Trade Union Centre and the Joint Trade Union Movement to answer. For example, that question of the investment made in 2014, for example, I think those things fall within the remit of the NIB board. I mean, we came here this morning not in the context of being part of the NIB board but in our capacity as organisations that represent thousands of people.

Mr. Chairman: Let me just clarify that because I think I set out the context. I made the point that it is a tripartite structure and the nomination—in fact, the need for JTUM and NATUC to

nominate members to the NIB board is something that has been litigated, it has been strongly defended over the years. And it is a tripartite board and in the same way the Government is accountable for NIB, the employers and the trade unions are accountable because it is—jointly, we comprise the boards.

So if questions are being asked to NATUC, ECA or JTUM, this morning, in relation not only to the National Insurance Board but to the investment committee, because the investment committee, the statute sets out that the investment committee be comprised of four persons, an independent chairman and representatives of Government, labour and employers. So that is the context. Not that the individuals here are able to speak for decisions made at particular board meetings in relation to particular decisions but in terms of your relationship with the board through the people you put on the board.

I just want to ask NATUC—because you did not have the opportunity—to address the issue which I raised, which is what have you said to the members on—your representatives on the NIB board in relation to employers who are not contributing but deducting contributions and in relation to the issue of records of contributions of members.

Mr. Annisette: Mr. Vice-Chairman, before I answer, NATUC takes its responsibility seriously and there are things unfortunately that we cannot discuss with our members on a board because there is a fiduciary responsibility in the context of not allowing certain information from the board to be discussed among your colleagues—a legal responsibility—and we take our fiduciary responsibility seriously.

Having said that, we would have made a lot of public pronouncements in the context of what you are saying and for example, let me read, fines:

“An employer who fails to”—register will—“be liable...to a fine of five thousand dollars.”—on summary conviction.

That is what the law says. So the laws, in our views, encourage employers not to register. And we want to make a recommendation that this fine be increased so that the penalty is going to be real, the penalty is going to be reflective of what we are saying. And we also want to say, given our experience where some employers, they pay it and they continue not to make the contributions, that those employers are held to a higher accountability, not by way of a fine but fine plus. That is the first point we want to make.

The second point—and I disagree with my learned from the ECA when he talked about 89 per cent registration. Because if one looks at what is the definition under the NIB rules and regulations of an employer and I will read it into the records:

“‘employer’ means a person who employs at least one person under a contract of service...”

Let me repeat it. Employer, based on our laws in Trinidad and Tobago which is part of the NIB rules and regulations, and the law states that an:

“‘employer’”—is—“a person who employs at least one person under a contract of service...”

In other words, one person, if you are employed under a contract of service, they have to make a contribution. And we know in Trinidad and Tobago, that is not a reality, it is not a fact and that is why we are saying in the context of contributions and in the context of the evaluation that was done by the actuaries, that all these evidence-based realities must be factored into the conclusion that you are charged with and we are charged with. How do we put a mechanism in place to capture all these realities in Trinidad and Tobago, which I believe will go a long way in assisting the funds which is the—funds which may very well not result in the evaluation and recommendation that came out from the actuarial evaluation because I am concerned. All right. Because we know—and it is not knocking employers but we know any increases, what are the likely consequences. Because when one takes into consideration the recommendation is to go to 22 percentage points for the employers, that can have a negative effect in the context of employment in Trinidad and Tobago. So we want to place that on the record.

And when one takes into consideration that that is not the only contribution that one has to make, when one talks about health surcharge, when one talks about PAYE and all the other contributions that we are called upon to make which affects your dollars, one will understand, with the greatest of respect to the employer, why there would be a resistance coming from that kind of increase that will create a problem.

The other issue that I wanted to raise, in Norway—and I agree. We need to find innovative and creative ways in terms of how we manage our assets and our investment portfolio. But in Norway, there is a special group and a special body who are experts in

investments that is set up to do those investments on behalf of Norway. That is why you are seeing that kind of returns. Does NIB have that kind of expertise? I beg to say no because when I was on the NIB board, that kind of expertise was not there. And the question of how we invest outside—because it was 25 per cent we were allowed to invest outside, right—did not afford us the opportunities at that particular point in time—and I am making reference to when I was on the board—to really capture the investment portfolios internationally that would have realized the kinds of returns that are necessary.

And we are saying in the National Trade Union Centre that the Government must look at that question of the investment portfolio to see how—we could have the checks and balances, yes, because we must have checks and balances. But to give the NIB by setting up a particular department that is charged and who are professionals and experts in that field to do the kinds of investments that are necessary to get the kinds of returns to take the fund to another level.

Because the 75 per cent investments in Trinidad and Tobago, given our stock exchange market and the limitation of that stock exchange market, will not realize the kinds of returns that are required to take us to the place where we want to be, and the place that we want to be in the context of National Trade Union Centre is that we manage our investment portfolio in such a manner that our investment portfolio will realize the kinds of returns that we could put back into the funds that will take away those onerous responsibilities on the workers—I do not want to speak for the employers—and the employers in the context of how we move forward.

We do not share the view and I want to make it clear, as my friend said, that we have a mix and reductions of benefits over a period—no, we do not share that view.

Mr. Chairman: Okay. Thank you very much and in the remaining time, I will first ask Mr. Obika and then Dr. Francis and then I would ask you to return to the discussions on the remaining two issues which would be the retirement age and your views and the investment portfolio and its management, and you have already expressed some views, if there is anything more you would like to say on the investment portfolio and its management. But I would ask member Obika to make his contribution.

Mr. Obika: Thanks, Chair. At this time, I would want to remind persons of how we started.

Despite the statement of the Minister who sat next to me—I am sorry he is not here when I am stating this, but the Chair, the substantive Chair of this Committee is an Independent Senator, all right, and there is a reason for that. The reason for that is that we want when you come to make your contributions here, the spirit is such. Right. I do not need to read and spell between the lines. So it is unfortunate the direction that was taken by the member that sat next to me. However, we can be critical of issues without having to defend. The aim is not for you to come and defend a position which does not move the process forward. All right.

So the question I have for all present, really, would be given the classification of an employer, especially the Trade Union Movement, what suggestions—and this could something that could be brought after today's session. What suggestions do you have for our nation to capture the employers who may not be members of the ECA or may not even consider themselves employers because they may not be familiar with the law? Right. We have a lot of undocumented workers, we have a lot of workers who are in the informal sector. I know that the persons dealing with domestic workers, NUDE, that trade union, they do some work there, but domestic employees may not be the majority. So you have a lot of vendors who employ persons as well. So, if you can come with suggestions that could bring those classes of workers and employers into the net that we can take on board. This may be for another time. All right.

And just remind you that it is not for you to defend a position if a statement may seem to be critical of a job or a post that you held prior but really to bring forward a solution. So you could swerve some things that you may feel may be directed at you. Chair.

Mr. Chairman: Thank you. Member Francis.

Mr. Duke: Yes, Mr. Chair, I just wanted to respond briefly to the member who would have asked the question, what suggestions. I want to put it on the record that it is not for us to suggest suggestions. I think Trinidad and Tobago is exhausted with suggestions, report after report, consultancy after consultancy. What we need is the political will to bring people who are self-employed, whether they know it or not, into the fray where they will begin to make meaningful contributions. We would require some level of education but I am certain that somewhere in one of those dusty manuals or consultant package, we could find the answers

there. So let us just effect it because we already have the answers.

Mr. Chairman: Yes, thank you. Minister Francis.

Dr. Francis: Either for NATUC or JTUM. I think there is a consensus in the room that we have captured issues in terms of employees and potential employees, those who cannot contribute. We also have compliance issues in terms of employers who are not as scrupulous as they probably ought to be. Is the suggestion that those issues trump or nullify the demographic concerns highlighted in the report? Meaning, if it is that we got to 100 per cent compliance in terms of employers and we corralled all of those self-employed people and got them to contribute to the fund, that would neutralize the problems posed by the demographic issues we have discussed earlier. Is that the position? Just clarification. Because the numbers are not known and that would require some further study. Or is it the case that we still have a fundamental problem in terms of rationalizing this insurance scheme?

Mr. Johnson: Well just one, perhaps, quick response from JTUM on that and simply put, we would have to some extent see what the experience is if we hypothetically got to that place. Because one of the things we are saying is that being implied there is that there is need for greater efficiencies in the system and not to—apart from those compliance issues, the efficiency of the administration itself within the National Insurance System because that is another thing that was—the internal efficiencies. Because in some cases, the National Insurance Board cannot tell a worker, cannot give them an accurate statement or representation even where the employer, in some cases, like my own union has evidence that they have remitted the funds. So there is need for a greater efficiency in the system at all levels. And one of the things that we are saying is that should we come to that place, clearly they—anticipated will be an improved position and we would have to see what impact it has as we go forward. We feel that it will have some positive impact but we cannot say categorically that it will alleviate all of the issues that we are confronted with but it could certainly impact on the contribution rate as we go forward or what is required. That is my comment.

Dr. Francis: Mr. Annisette.

Mr. Annisette: Yes, member, an actuarial evaluation in pension plans, social schemes, is

absolutely necessary and it is necessary to speak to what you are saying.

Dr. Francis: And I thank you for that clarification and intervention.

Mr. Annette: All right. And then therefore, the question of what kinds of contributions, the question of what kinds of moneys will be required will be dictated by what the actuary sees on the demographics, yes. But I know of schemes where because of the investment portfolio, because of how the scheme—and I am talking about pension plan—has been managed, there are situations where the very same point that you are talking about, is taken into consideration in the context of the actuarial evaluations. All right. And I share the view of my colleague that to make a definite statement will be unfair, it would be based on assumptions.

We, in the National Trade Union Centre, believe that when we do the comprehensive analysis of all what we are talking about, if we get all these people in the net—and I want to suggest that one of the things that we can do, as I have seen in other countries, that we have a register of employers. Everybody who is an employer must be registered and therefore, if you do not register, there is another serious fine as it relates to that. So that we would be able to capture all those who are employers.

And I would just give you an example. How many doctors pay NIS? Private doctors I am talking about, and we have a lot. How many of them? “They doh even gi’ yuh ah receipt”, with the greatest of respect. How many lawyers with the greatest of respect pay NIS? But we, the workers, based on the law, on the requirements, must make our payments because it is deducted from our wages, but we have another group of people who make—I mean, I went by a private doctor, “Is ah 200 ah pay him and I aint get ah receipt” and I know NIS is not being paid. “Yuh understand?” And you see, those are the kind of realities that we have to look at and we are talking about real issues that are confronting Trinidad and Tobago because they are not making contributions to the NIS but they could benefit you know and their families.

So the point that NATUC is making and the point that NATUC is saying, unless we have the empirical evidence as it relates to contributions, investments, the demographics and you do the kind of actuarial evaluations, the potential for what you want to call returns on the investment is a whole series of metrics that would be required in order for you to make, what

I would want to say, an informed statement in respect to the question you asked.

Now, I appreciate what you are asking eh, and I am hoping that coming out of this, that all the statements that are being made would be put on the front burner so that we can take Trinidad and Tobago to a place where we do not find ourselves, as they say, in 2060, that we do not have social security for the population of Trinidad and Tobago and we believe that this is critical. We want to thank you all for the foresight and we need to work like yesterday in order to get this right because there are several countries that I can quote that got it right and we do not need to reinvent the wheel, we can work towards taking us to the place where we are sure that we would be able to protect all our citizens.

Dr. Francis: Okay. Mr. Annisette, the projections of fund running out a generation away but there is an immediate projection which is, in my opinion, discomfoting, which is that by 2018, the fund will start tapping into the principal as opposed to contributions or returns on investment in terms of making remittances to people. So the problem is, perhaps, a little bit down the road but if there is any great accuracy in the report, we will start facing real difficult implications from next year. How do you respond to that?

Mr. Annisette: “Ah like what yuh say. Yuh almost saying what Duke has been saying but in ah different way.” [*Laughter*] If there are great accuracies in the report.

Dr. Francis: No, because—

Mr. Annisette: No, no, no, I welcome that statement.

Dr. Francis: No, because you are questioning, I am not questioning.

Mr. Annisette: I welcome that statement, my friend.

Dr. Francis: Mr. Annisette, let me be very clear, I am not questioning but it is clear that you are questioning. So I am framing the question in the context of the way that you have responded.

Mr. Annisette: But all I am saying is that I welcome the statement that you made, if there is great accuracy in the actuarial evaluation statement. That is on the records.

Mr. Chairman: Okay, gentlemen, thank you very much.

Mr. Annisette: All right. Now having said that, now, I hear what you are saying and that is why I quoted the key performance indicator for the year ending 2016. When you look at it, you have beneficiaries of 189,377 beneficiaries for that period of time; benefit payments is

\$4.51 billion; contributions income is \$4.25 billion, so we have an issue there. All right, given the contribution income is less than the benefit payments.

But when you go further down and you look at realized investment income, it is \$1 billion. So that is an investment income that you are getting which is real. The question to me from where I sit, is how do we deal with that realized investment income given the fact that while we have a shortfall here, it is not alarming, but if we do not address it, we are going to have issues. And when I take into consideration what is the ratio in the context of total assets because NIB has \$25.49 billion in assets. So we do not have a cash flow problem, we do not have issues in terms of moneys. From where we sit in NATUC—and the final point which is critical, which no one is paying attention to, administrative expenditure is only 5.32 percentage points of contribution of income. So when you work it out, we are not at a bad place but if we allow it to continue along that line, yes, we are going to have issues.

So to me and when I say me, meaning NATUC, the issue is how we manage this portfolio to ensure that we get that balance that is necessary so that we would not reach to that place that the actuary was talking about in 2018. And I believe that if we look at the figures here which is, I will want to say real figures because this is coming from NIB, that we could manage that portfolio in a manner that we would not have that kind of fear.

Dr. Francis: So, do you accept that there is a fundamental issue that transcends issues of efficiency, capture and compliance?

Mr. Annette: No, no, no, I am not saying that because efficiencies are going to drive the process too because even though if we capture this and there are inefficiencies, we are going to have issues. So that is why we are saying in the National Trade Union Centre and my comrades from the others, we are saying the question of efficiencies must be interlinked or must be connected with the whole process, so I would not leave out the issue of efficiencies. Efficiencies have to be—

Dr. Francis: No, no, not aside from, transcending.

Mr. Annette: No, I am saying it is interconnected to the whole picture that we are painting in the National Trade Union Centre.

Mr. Chairman: Let us move towards the end because we have the sitting of the Lower House this afternoon.

Mr. Annisette: Oh lord, and “we was now gehing warm up here in NATUC. NATUC was now gehing warm up.”

Mr. Chairman: At least one person has to be there. Let me ask, as we close, the ECA and then NATUC, to address specifically the issue of the retirement age.

Mr. Nancoo: Well, in the interest of time, relative to the retirement age, as far as we are concerned, they are talking about—the review speaks to retirement age 65 over a period of 36 years. We are saying that it has to be much faster than that and we are of the belief that it can be. Because we have examples right around us. We have Barbados who moved from 60 to 67 over a period of 12 years; St. Lucia increased from 60 to 65 over 15 years. So we cannot—we find it very difficult to accept the proposed review about this gradual increase. I see no reason, we see no reason for this.

Mr. Chairman: Thank you very much and NATUC.

Mr. Duke: Mr. Chairman, greetings again. At the National Trade Union Centre, we have serious concerns about that. We are representing, again, thousands of employees, thousands of employees throughout this country, and when we met in our little session, we tried to decipher how best to approach this and we came up with the several ideas. One, that whole age movement is something of a collective agreement where people would sit down and they will discuss with their employer, because some unions may want it for a particular group of persons as the case with NUGFW.

11.55 a.m.

As the case with NUGFW, NUGFW had their retirement age moved from 65 to 60 with the intention and a promissory note that they would be given a pension and from then to now they have gotten no pension at all, whatsoever and that is daily rated workers, right. And not all over, but certain places today continue to work from 60 to 65 because they are not getting a pension.

Generally in the Public Service, persons are concerned about that, they are fatigued with the system; people want to retire at 55. Hence the Civil Service Act provides for persons

to retire at 55 with full benefits. Why it is a man should want to work until 65 and then you put a curse upon him, if he takes it at 60? So it is kind of crazy and something we do not subscribe to and we will have to put this before our individual unions or units within NATUC. None of us here are gifted with the ability to read minds and speaking on behalf of all persons with such an important issue. Furthermore, because of the national effect of this issue upon the population, we would want to suggest and place on record that this may require a national referendum; it is so serious.

Mr. Chairman: Okay, gentlemen, I will take one comment or contribution from Mr. Johnson.

Mr. Johnson: I just want to, I think it is important for JTUM to just put its position on this, because whilst my colleague earlier would have briefly mentioned our position, I just want to be clear on the record that the Joint Trade Union Movement, also we would have a serious problem with the movement of the retirement age from 60 to 65 for some of the reasons mentioned. But one of the concerns we have is that the—you are almost beginning to get the impression, at least some members have indicated that—okay, we have a financial issue with the National Insurance Board and mathematically it seems as if okay, 65 will solve that. But then if you take that to its logical conclusion, suppose the financial situation was worse, what do you go to 67 or 71? It cannot be that a retirement age is premised significantly just on the financial considerations, though it is very important. Because a retirement age for a working person is not just premised on that. Somebody who start working 35 years ago and plan to retire at 60, they make all kinds of projections, not just financial; they make retirement plans in terms of for their pensions, et cetera, but they make other kinds of considerations, for family, all that type of thing. What they would do?

So it is not that, let me just make, it is not that workers in Trinidad and Tobago do not work past 60. A lot of people after they retire go back into some kind of work activity, but it is not

necessarily one in which they go back into maybe structured work activity. So the majority of our members do plan and want to retire at age 60. And while I have heard the contribution from the Employers' Consultative Association, I do not think I have heard a reason why they would want—I have heard their projections of moving this quickly, but there is no rationale or reason given as to why the employer section would want a later retirement age. That will need to be justified. I know we do not have the time now, but clearly we would need to be convinced because we have collective agreements and RMU where workers retire at 60 and even earlier.

So I know we are short of time, but I think I just wanted to make JTUM's position clear. The majority of our collective agreements currently have this at 60 and there are a whole lot of reasons for that and we cannot see that just the national insurance system outside of those RMUs, pushing for whether legislative or other changes to get this to 65 or any other age without significant consultation. And of course, with all these employers, through the collective agreements, so I do not think we could resolve this today but I just want to put on the record our position in terms of where it is at 60 for the majority that is JTUM's position of where it should remain.

Mr. Chairman: Thank you very much, and before we close, I just want to make two final comments. The first is to say, one of the issues we have discussed today was the investment portfolio and you raised this, it has been a long outstanding issue in terms of the ability of local investors to invest in foreign markets.

That was a matter that was addressed by the Joint Select Committee which considered the Insurance Bill. That committee submitted four interim reports to the Parliament and a final report, and the final report addresses the proposals to change the current clause in the Bill. It is clause 85 and that report addresses the proposals to change the split between

permissible foreign investment and permissible local investment and you should take a look at that.

And the other point I want to make as we close is my colleague, Mr. Obika is new both to the Senate and to the Joint Select Committee. I want to say that I believe that the question asked by member Deyalsingh on Apsara was a fair question because I had said we want to get views on three issues: the contribution rate, the retirement age and the investment portfolio and the Apsara investment comes out of the investment portfolio in the NIB. It is a matter in the public domain, and I think it was a fair question. In fact, on the last occasion, I myself asked of NIB questions relating to the Riverwoods investment, which as you know, Mr. Annisette and others know, is a long outstanding issue and I also asked questions relating to the \$728million investment placed with CLICO Investment Bank. And in fairness to member Deyalsingh, I believe it was a fair question to ask of you.

I thank you very much for your participation, I ask you to make further submissions in writing when you have consulted and the Committee, I am sure, will review as we always do, your further submissions and if necessary invite you to make a further appearance for the purpose of a public discussion on what you have submitted. Thank you very much and I want to thank the Secretariat for their support and the other Members of the Committee. Thank you very much.

12.02 p.m.: *Meeting adjourned.*

VERBATIM NOTES OF THE NINETEENTH MEETING OF THE JOINT SELECT COMMITTEE ON FINANCE AND LEGAL AFFAIRS HELD IN THE WAHID ALI MEETING ROOM, LEVEL 6, (IN CAMERA), AND THEN TO THE J. HAMILTON MAURICE ROOM, TOWER D, OFFICE OF THE PARLIAMENT, PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON FRIDAY, JANUARY 19, 2018, AT 9.43 A.M.

PRESENT

Miss Sophia Chote SC	Chairman
Mr. Clarence Rambharat	Member
Mr. Taharqa Obika	Member
Mr. Terrence Deyalsingh	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Dr. Lester Henry	Member
Mr. Julien Ogilvie	Secretary
Miss Sheranne Samuel	Asst. Secretary
Miss Simone Yallery	Legal Officer I
Miss Aaneesa Baksh	Research Assistant

ABSENT

Mr. Prakash Ramadhar	Member [<i>Excused</i>]
Dr. Lovell Francis	Member

OFFICIALS OF THE AGRICULTURAL SOCIETY OF TRINIDAD AND TOBAGO

Ms. Dhanoo Sookoo	President
Mr. Mohammed Hallim	Vice-President
Mr. Nazimul Ali	Director
Mr. Ryan Rampersad	Director

OFFICIALS OF TRINIDAD AND TOBAGO NATIONAL UNION OF DOMESTIC EMPLOYEES

Ms. Rookmin Singh	President
Ms. Ida Le Blanc	General Secretary
Ms. Marian Blackman	Executive Member—Care Giver Organizer

Ms. Carla Walcott

Executive Member—Grievance Officer

Madam Chairman: Okay, we can begin. Good morning. I would like to welcome all of you to this 19th meeting of the Joint Select Committee on Finance and Legal Affairs. The Committee is convening its third public hearing today. It is enquiry into certain aspects of the National Insurance System of Trinidad and Tobago. The hearing is being broadcast live on Parliament Channel 11, and we welcome all our viewers; Parliament radio 105.5 FM and we welcome our listeners and the Parliament's YouTube channel, *ParlView*. We would like those viewing and listening to know that they may send comments via email at parl101@ttparliament.org, on our Facebook page at facebook.com/TTParliament or on Twitter at TTParliament.

Today we welcome officials and representatives of the Trinidad and Tobago National Union of Domestic Employees and the Agricultural Society of Trinidad and Tobago. Now, it is quite a large contingent I think, going to the second row. I am wondering, is it just one person in the second row? Well, is it possible for you all to move one down, so that the gentleman can come forward? And may we have some assistance so that the name cards could be shifted as well please? Thank you. Now, I will invite the representatives of both organisations to introduce themselves. Perhaps we can begin from left to right with Mr. Ali?

Mr. Ali: Madam Chairman, I would like to introduce myself as Nazimul Ali, Director of the Agricultural Society. I am serving on that present board and I have been there for the past six years. Thank you.

Mr. Hamid: Good morning, my name is Mr. Mohammed Hallim and I am the Vice-President of the Agricultural Society of Trinidad and Tobago more or less for the last 10 years. Thank you.

Ms. Sookoo: Good morning all, Dhanoo Sookoo, President of the Agricultural Society of Trinidad and Tobago, having been there for the last nine years as President. I am also a Director of the Caribbean Farmers Network.

Ms. Le Blanc: Good morning to all. My name is Ida Le Blanc and I am the General Secretary of the National Union of Domestic Employees, and I have been with this organisation from its inception but I now hold the post of General Secretary within the organisation.

Ms. Blackman: Good morning to all. I am Marian Blackman. I am an executive member of the National Union of Domestic Employees.

Ms. Walcott: Good morning all. My name is Carla Walcott. I am an executive officer as well as a grievance officer with the National Union of Domestic Employees.

Mr. Rampersad: Good morning, Madam Chair, and all other members. I am Ryan Rampersad, Director at the Agricultural Society of Trinidad and Tobago. This is my third year as a director there. Thank you.

Madam Chairman: Thank you all for introducing yourselves. Now it is our turn to introduce ourselves to you. My name is Sophia Chote and I am the Chairman of this Joint Select Committee. I will now ask members to introduce themselves, perhaps starting with my Vice-Chairman who is to my right.

[Introductions made]

Madam Chairman: Thank you, members. Now, just so that the viewers and listeners will be in tune with what we are doing in the enquiry, what I will do is I will read out the five objectives of the enquiry. The first is to examine the recommendations of the Ninth Actuarial Review of the National Insurance Board of Trinidad and Tobago. The second is to examine the implementation of the actuarial recommendations of the Ninth Actuarial Review of the NIBTT. Three, to examine the investment policy of the National Insurance Board of Trinidad and Tobago. Four, to understand the trends in income and the relationship to the payment of benefits and five, to make recommendations to improve the sustainability of the National Insurance System.

Now, I intended to invite very brief opening comments from each of the organisations represented here, but I know that the President of the Trinidad and Tobago National Union of Domestic Employees is not here. So who will be doing the opening statement, may I enquire?

Ms. Le Blanc: I will.

Madam Chairman: Excellent. So Ms. Le Blanc, would you just give us a brief opening statement? Yes, you sit. Just make sure that your microphone is on.

Ms. Le Blanc: Well, as you know, I had made a submission to the committee and what we really want to see is that all the other groups, “what dey call dem?”, difficult to cover groups who are domestic workers are covered under the National Insurance System. Because for us, that National Insurance is a great system and we want to ensure that the system now will

become more competent to ensure that we are covered under the National Insurance, because the ILO Convention 128 speaks to all these different deficits that the domestic workers have to face.

With regard to raising the age for the domestic workers, we feel that domestic workers, that work is too arduous because, you see, domestic workers do not only clean homes but they have a lot of other activities involved doing domestic work, caregiving and things like that, which is a difficult work. Because “I myself try to help” a caregiver to just lift and bend an old patient who was bedridden and what happened is that I could not do it at all, because “it have a skill in doing these things”.

And after, when you reach 60, you start to feel the effect of these jobs upon your body. So it is difficult for them to reach at the age of 65 to attain national insurance and what we want to see is more domestic workers covered, because we have a lot of domestic workers who are not registered with the National Insurance Scheme. Thank you.

Madam Chairman: Thank you very much, and certainly your initial comments, I am sure, will lead us to considerable discussion later on. May I invite Ms. Sookoo to make some opening remarks?

Ms. Sookoo: Thank you, Madam Chair. The Agricultural Society of Trinidad and Tobago is governed by an Act, Chap. 63:01. Our primary goal/function is to serve as an advocacy body, to disseminate agriculture knowledge and information and to support the work of the Government, of the state agencies to the development of the agricultural sector, and in so doing, to the development of our economy.

Our board, 26 of us, we are elected annually at our annual general meeting and elections; two executives, the president, vice-president and 24 other representatives that come from the cocoa sector, the sugar sector, eight of each, and eight other industries which comprise representatives of other sub-sectors.

Over the past few years, during my years as President, we have been supporting the work of cross-sections of Ministries throughout this country. We have been supporting the work of the Ministry of Works, in terms of infrastructure development because we see all arms of the State, of the Government being critical to this country’s food security.

Over the last few years, we have been advocating especially to the NIB towards

putting a programme to ensure that farmers fall in this safety net, this social safety net. In 2013, we would have written a proposal to the NIB and engaged the officials at the NIB towards involving farmers to be part of the national insurance programme.

We were very pleased to know that we will be coming forward before this JSC this morning to possibly further discuss this initiative that we had proposed and see how best the Agricultural Society of Trinidad and Tobago can support an initiative like this because we see it very important to not just the farmers but to farm families. Because when you look at the agriculture sector, all they have is what they earn throughout the years of work. There are no social programmes. There are no insurance special programmes that are designed to support farmers and farm families. So at least we are looking towards the NIB to be one such programme and to be a start, a catalyst towards us getting the sector more organized.

Madam Chairman: Thank you. Now, at this stage, what happens is that members of the Committee are entitled to ask questions of the representatives here and if for any reason you do not follow the question or you think that you need clarification or you need to add something, please feel free to indicate that to me so that we can have the fullest discussion possible within the space of time allocated to us.

But perhaps I will start with you, Ms. Sookoo, with respect to your reference to the 2013 proposal which you sent to the NIB. Did the society have any feedback from NIB with respect to that?

Ms. Sookoo: No. We would have had, I believe, two meetings where we had the officials sitting with us. We had discussions towards our proposals. They had agreed to get back in contact with us but there was no follow-up discussions.

10.50 a.m.

Madam Chairman: Well perhaps you can send us something in writing, to say what the proposal was or what the proposals were, who you met with and when you last met. That would assist us because I know that the NIB is expected to return before this Committee and it might be useful information for all of us, to explore and to find out about.

Ms. Sookoo: Definitely, Madam Chair.

Madam Chairman: Any questions Members?

Mr. Obika: Chair, I would like to ask a question. Is it that we are directing to the Agricultural

Society at the moment, specifically?

Madam Chairman: Yes.

Mr. Obika: I will reserve—

Madam Chairman: Your question. I am sorry, your question was for the Domestic Workers?

Mr. Obika: For NUDE.

Madam Chairman: Yes.

Dr. Henry: I was just going to ask Ms. Sookoo, if you have any idea of the percentage of farmers, or if you have any numbers like that, who might be paying National Insurance and the potential pool?

Ms. Sookoo: I could say at this point, from the information that I have that, 0percentage of farmers are involved in the National Insurance programme at the moment.

But looking at the number of farmers that are—or I should say individuals involved in agriculture, not just primary production, but we have those cottage industries, what we would call small and micro enterprises and so on. When you look at the figures out there, you are looking at somewhere close to 75 to 80 thousand individuals, and I think it will be worthwhile for us to get them involved in the programme.

Dr. Henry: Is it just that they have been left out, or is it that they have never thought that this was something they should be involved in? How much of the countervailing factors, how is it balanced?

Ms. Sookoo: I think the State has never seen the agriculture sector, the primary producers as being very important or have acknowledged their contribution to the economy, and that is why they were never included in the programme. And that is why we at the Agricultural Society having looked on at what is happening and the kind of economic activity that is coming out of the agriculture sector, we would have made that proposal to have them included in the National Insurance programme.

Mr. Obika: Through you Chair, for Ms. Sookoo and representatives of the Agricultural Society. Now, you mentioned that a significant part of the membership are cocoa farmers, correct?

Ms. Sookoo: No, I said eight representatives on the board are representatives of the cocoa sector.

Mr. Obika: Good, so you know that there are cocoa-based cooperatives, there is Montserrat Cocoa Farmers, for example, where we are trying to circumvent the colonial legacy of exporting raw materials and importing processed, cocoa products. Where they are actually looking to directly export, circumventing the boards and exporting directly.

How has the experience of that been specifically, regarding worker-benefits? Is it that the cooperative is in a position to get their workers under the NIS scheme, in the cocoa cooperatives, specifically?

Ms. Sookoo: Yes, because those cooperatives are already structured, it has a structured operation. So it will be very simple to have those individuals get involved in the scheme.

When we had made the proposal, if I may say, in 2013, we at the Agricultural Society of Trinidad and Tobago, we would have clustered the farmers, throughout the country. Presently, there are some 86 farming groups, right. Geographically spread, there are also commodity associations that we at the Agricultural Society manage. And when we look at the numbers, and that is what I said earlier, when we look at the activities involved within these agriculture associations, we recognize that they being part of this National Insurance programme it will have two-fold benefits. One, of course, you contribute to the scheme and to the economy and so on in that way. And obviously you will be able to participate in other activities, other programmes that the State may have for its employees and also the farmer or the agro-processor will also have some kind of safety as they move along as they become aged.

When you presently look at the structure of the agriculture sector, a farmer reaching 55-60 years, he has nothing to fall back on other than what he would have saved, or maybe he has some very kind and loving children that would support their needs. But other than that there is nothing unlike the public officers or other employees, coming from other entities that will have at the age of 60 retirement, you have benefits, farmers do not really have anything.

Mrs. Crichlow-Cockburn: Thank you, Madam Chair. Ms. Sookoo, I just needed some clarity, when you speak about farmers not being allowed to be registered under the National Insurance system, are you speaking just about the primary farmer, or are you speaking about the primary farmer and workers he may have employed with him?

Ms. Sookoo: The primary farmer and even his employees, because if he is not involved in the process, it is obvious that he is not involving his employees in the process.

Mrs. Crichlow-Cockburn: But the National Insurance system makes provision for his employees to be registered. And I know at this point, while the National Insurance Act says “self-employed”, they may not have brought self-employed persons on to the system but his employees can be registered.

Ms. Sookoo: While that may be so, that the system allows for that to happen, who actually goes out there and ensures it happens? Because as I said there is no existing structure that will ensure there is that process to follow through; that it is mandatory that his employees become registered and involved in the system.

Madam Chairman: But, perhaps I could interject here and ask, I mean, is it that you have a group of employees, I do not want to use the word “permanent”, but if you get my gist that is what I am asking. Is it that you have a group of permanent employees or is it that agricultural employees are part-time or they are used only at crop time, how does it work?

Ms. Sookoo: Several kinds of employment exist in the agriculture sector. There are some of them that are permanent employees, there are some of them where farmers will hire labour for what we will term “crop time” like when the harvesting and so on. They will bring on additional labour, so you have both. You have permanent, you have part-time employees in the agriculture sector.

Madam Chairman: Well then, that takes us back to Mrs. Crichlow-Cockburn’s point, which is to say that if there are farmers with permanent employees, they ought to ensure that those employees are registered and that contributions are made to the NIS system.

I think the responsibility for that will be a joint one, both the employer and the employee, and perhaps it is simply a question of dissemination of information to remind those farmers with permanent employees that they are required to have those employees registered. So I do not know if through your Society this information may be disseminated?

Ms. Sookoo: Madam Chair, we have absolutely no problem in assisting and supporting that kind of work. Coming back to the issue with—they must—it is mandatory, yes. We agree and that is why in 2013 we made that proposal and called on the NIB to partner with the Agricultural Society to support a programme like that.

Mr. Obika: Through you, Chair. For the Agricultural Society again, the challenge would really be—so for example, a cocoa cooperative may be able to have continuous employment of a certain number of their workers, so they can be part of the NIS scheme. Because the scheme is a weekly thing. How can you now get workers, who are only called upon as needed, to be part of an NIS scheme? Do you have any solutions that you would have proposed in the past that could be taken on board in the document you will be sending to us?

Ms. Sookoo: Yes, obviously where you have the cooperative functioning and you have that will be functioning in an agro-processing activity—

Mr. Obika: Not to cut you, but I do not want to mislead persons, because I know the cooperative model may not work for most. It is a narrow sectoral approach, but yes.

Ms. Sookoo: But, it is a good starting point because it is already there. It is existing, it is registered, it is structured, it has a process of agro-processing activities. So almost all of the year it is functional, because you have harvest time, you have process time and so on.

But it is a good starting point in terms of the individuals who will be hired from time to time. In our proposal, we had discussed, lump sum contributions for those persons. So let us say, every six weeks or so these people come on, most of the time what we have recognised is that if they come on a farm for this six weeks, let us say a farmer is harvesting cucumbers, when he is finished those part-time employees go to another farm. So it is not like they are employed only every six weeks, they are employed by a particular farm for a particular period of time. But most of the time the labour is not 100per cent continuous, but there is continuous employment.

Mr. Obika: I just want to interject, and ask this question, not to cut you, but to ask this question regarding the lump sum payments. Because there are so many agricultural workers, who will bring a lot of funds to the pool. What did the NIB—what was their response regarding the suggestion of the lump sum payments?

Ms. Sookoo: They were very surprised at the proposal we had put forward. They did not recognize that the agriculture sector would have encompassed all of these activities and individuals and so on. There were no direct comments, coming out of the NIB. They had agreed to get back into contact with us.

But, I must say, I am not too sure, because I know even the Parliament had difficulty

in contacting us for this meeting today. I cannot say since the end of 2013, '14, '15 whether or not they attempted to contact us, because the Society does not have a permanent address, so to speak, at the moment.

Madam Chairman: Members, any other questions?

Mrs. Crichlow-Cockburn: Madam Chair, just through you, if we can probably get a copy of the proposal that was submitted to NIB?

Madam Chairman: Yes, I asked for a copy of that to be sent, together with other information about the meetings that they had had.

Mr. Obika: Chair, can I make a comment regarding the contribution? My comment is that I believe, I am not an actuarial scientist, but I believe that if there is a method proposed by the sector that is reasonable that NIB believes can work, I think we should explore that to its final conclusion, and if the lump sum payments can work and we can get much more farmers coming on board through that method, I think we should look at that and that is the comment I wanted to register for the record.

Ms. Sookoo: And through you, Madam Chair, the reason that a proposal of such nature was presented is that farmers generally are not salary people per week or per month; sometimes their crops are contracted. If it is for export or agro-processing, so the sector needs to be treated a little differently, to how we will treat other areas of employment because of the way it functions.

Madam Chairman: What I wanted to ask, is to me, the first step will be to have some sort of database of the workers; you know, names, addresses, that kind of thing. Is there anything like that?

Ms. Sookoo: Madam Chair, we do have a—or I should say at this moment, had a database, since the end of 2013 into '14. We would have had a lot of situations with the politics, and all of our information including the proposal documented that we discussed, our database which will carry individual membership of farmers, throughout the country, their location, and everything that is required for you to carry forward a programme like this. It is there, it exists; however, it is locked in an office space in Chaguanas, because the landlord has not been paid for some two years and more. So he has seized all of the assets of the Agricultural Society.

Although there was an allocation in the budget, to facilitate those payments, our monthly rental, we have not received those funds to pay those fees. So we may have a little difficulty in retrieving that database, which obviously is very vital to you carrying forward this programme.

Mr. Obika: Can I ask how much is owed to the landlord? Would you be willing to share that information?

Ms. Sookoo: I can write it in for you Sir. I can submit it in writing.

Mr. Obika: Okay.

Mrs. Crichlow-Cockburn: Ms. Dhanoo, in terms of employees who work with farmers, are they provided with a contract?

Ms. Sookoo: No. There is, most of the time, a verbal contract arrangement.

Madam Chairman: Is there a likelihood that there will be a resolution of this impasse with the landlord any time soon?

Ms. Sookoo: I will ask my finance and chairman to speak.

Mr. Hallim: Madam Chair, this matter has been outstanding since 2013, and we have been, all the time, month after month, asking the Minister of Agriculture to assist us whatever various Ministers of Agriculture, they had since 2013, to assist us in this matter, and they have all been promising to do so and nothing has happened, to this date.

Madam Chairman: Okay, well why would the Ministry of Agriculture be responsible for assisting you to pay the rent?

Ms. Sookoo: Madam Chair, the Agricultural Society of Trinidad and Tobago, we submit annually, our request to the Ministry of Finance for our allocation for that fiscal year. However, those are funds—monthly are sent through the Ministry of Agriculture, under Subsidies and Transfers.

Since 2013 with the interference then by the then Minister of Agriculture, we have seen where those funds were released to the Ministry of Agriculture, but not released to the Agricultural Society of Trinidad and Tobago. We have been submitting our accounts, annually to the Auditor General of Trinidad and Tobago. We would have had audited accounts submitted as well, and since then 2013, later half of 2013 to present, the society has not been released any funding to support its activities.

Presently, even our office—and that is why even yesterday, we were asked to send correspondence to the Committee for consideration and so on. We could not even have those documents prepared and sent off because we have no equipment operating at the Society where it is being housed presently at one of the Ministry's building. And we have on staff, four public servants, public officers. Our Secretary, range 54D and these people do not have the tools to carry out their work, and the work of us as the board it has to be supported by the staff at the Society; even our vehicles which we use the Society's subvention to purchase, for use by the members of the Society to attend meetings and, you know, manage these 86 groups throughout the country is no easy task.

Those vehicles are sitting in the Ministry of Agriculture compound. We left them in safekeeping at the Praedial Larceny Unit in 2014, and the Ministry—I mean, we have boldly said, have stolen our vehicles from the Praedial Larceny compound. We have the documents where we lodged those vehicles, where we purchased those vehicles. We have to account to the Auditor General for those fixed assets and those are registered as our expenditure, all our office equipment and everything is registered as our expenditure and we do not have it to show.

The Auditor General who wrote us two months ago, wants to come and do their annual audit. And what do we say? We do not know where we are. We are here today, we are there tomorrow, we cannot find—our assets are being held by someone else.

Madam Chairman: This certainly sounds like an unsatisfactory state of affairs. What about the four employees? Do they have an office that they go to every day? How are they dealt with?

Ms. Sookoo: There is a building that they go to every day. They sit in two, three cubicles, they do not have the equipment to perform their duties, so obviously when you ask them to get things done, that is it. And these are public officers paid by the taxpayers of this country. Madam Chair, if I may add, that we at the Agricultural Society from where I sit as President, and the present team that I lead, we are fully prepared and ready to support. This initiative is something that we have advocated for and whatever you can do from where you sit to assist us, this Committee to assist us in getting ourselves fully operational, I think it is going to auger well for Trinidad and Tobago.

Madam Chairman: Ms. Sookoo, you have given us a lot of food for thought, and there will be certain, I suppose, considerations given to your contributions and I am sure that they will be reflected in the report that we will eventually present. What I would like you to do is to enquire of your other reps who accompanied you whether there is any other matter which they would like to raise before the Committee.

Ms. Sookoo: Yes, Madam Chair, Mr. Nazimul Ali and I think Mr. Rampersad want to raise two issues.

Mr. Ali: Madam Chair, I wish to refer to this document that says, you know, requests for preliminary comments, the extent to which employers or farmers of Trinidad and Tobago fulfil their responsibilities.

I will not say employers or farmers. I would refer to them as farm workers, because a farmer is his own self-employed person, and one of the greatest factors about getting agriculture representation in NIS, is to get the farmer to pay contributions as a self-employed. I have had discussions for the past five years on this same topic and I thought by now we would have gotten somewhere.

Generally, you are looking at the benefits of National Insurance, especially when sickness comes, the payment of some form of income. As you would know, from Princes Town, to Rio Claro, to Mayaro, to Biche, to Sangre Grande up to Toco is the rural areas of this country, there is no private hospital that you can even go and pay to get something done and as I always said publicly, Rio Claro, Tabaquite and Biche is more dangerous than Laventille.

You might get shot in Laventille, but if you get a heart attack or you get into an accident, the conditions of these roads to get to San Fernando General or Sangre Grande hospital is way deplorable; we not going to see anything fixed soon. I would say if farmers had some form of coverage by NIS for the sickness benefits and the death benefits that would at least give them a little buffer. And immediately, the Agricultural Society, I am speaking on behalf of the board, I am sure I will have my President's support, we would be willing to take the NIS employee, who will go to these farming groups we go to and educate them on the seriousness of contributions, or contributing for economic development and for their safety.

But, you need to address the fact that farmers are self-employed. Farmers are people who buy and sell and live off their pockets; they do not keep records, they are very

delinquent, but it is our national responsibility that they are people out there and every life counts. Thank you.

Madam Chairman: Thank you, Mr. Ali. Mr. Rampersad, do you have any comments?

Mr. Rampersad: Yes, Madam Chair, we would have heard over a period of time about CEPEP in agriculture, right, and well we are not absolutely sure where that is at this point in time. But if it comes to fruition, right, our concern is that many of these CEPEP workers, because of their limited salary, I think like the average labourer will take home about \$90 per day. Many of these CEPEP workers also seek employment on farms. So after working for approximately six hours or so, they go to the farms, and as Mr. Obika indicated much earlier, there is a pool of employment that we seem to have lost this revenue from, and what exactly is in place for absorbing or capturing those payments, from those workers then. Because these are workers who would definitely be assisting the farmers, right, but we seem to have lost them. And they do not pay for that period of time that they work on the farms then.

Madam Chairman: Well, I think there has to be collaboration with the person who hires them or the group or company that hires them, and the workers who are using their extra time to have a second job. So, I think the responsibility lies there. Would you not agree? And it goes back to what I have been discussing with Ms. Sookoo earlier, about dissemination of information with respect to who is responsible for what. Agreed?

Mr. Rampersad: Yes, Madam Chair, agreed.

Mr. Hallim: I sit here and I am studying the remark that was made about self-employed people, and they are not part of the programme. The thought occurred to me, why can we not make this programme for new people who are not involved as yet, voluntary? We know everybody wants to be—to me people want to be involved in this National Insurance programme. They are seeing the benefits that the rest of the society gets in being a contributor and getting all the benefits during their lifetime and at the end of their period. Why can we not make it voluntary for these people who want to contribute and want to be part of the system? That is my thought.

Madam Chairman: And that is an excellent point. In fact, other persons who have appeared before this Committee have made that point, and it is certainly something that needs to be considered when we come to write our report. So, unless members have questions for the

Agricultural Society—is there any other question for the Agricultural Society?

Madam Chairman: Now, we can move on to the Trinidad and Tobago National Union of Domestic Employees. Do we have any questions for members of the union?

Mr. Obika: Good day, Ms. Le Blanc and Ms. Walcott, two persons I am very familiar with from my time at the Co-operatives Division. I have several questions, but I will just ask one, regarding the cooperative, and what has been the success of the cooperative, the Service Workers Cooperative, what are your current challenges and do you see that model being replicated across the sector as having many different Service Workers Cooperatives or your cooperative being the main cooperative for the country, basically as an employment agency for domestic employees?

Ms. Le Blanc: Let me start off by saying the purpose—

Mr. Obika: Sorry. Just to add in the context, because as a member of this cooperative—because one of the main reasons you have cited in your submission, was that domestic employees are not continually employed. They may be called in from time to time, so therefore they cannot fit within the guidelines—similar to the agriculture workers, but it is a different case within the guidelines of the insurance scheme, so bearing that in mind, what are the successes of it, of the cooperative?

Ms. Le Blanc: Well, I just wanted to say that we first started off the cooperative because of these problems. Employers “doh” want to pay NIS. This is the complaints that the domestic workers will come to us and say. So that we envision, alright, let us start with our own thing. Let us form a cooperative so you all will be going out there and give your services to people. We will try to get people to employ you. That way we will be able to get decent work for you and the whole purpose of it is because of the NIS. A lot of employers come to me and complain, “This thing to do, this NIS, I eh able with” that is what they tell me. So in order to fix that, we decided, look, if we have our cooperative offering the services, we ourselves will pay National Insurance. So that if you want a domestic worker to come and clean your home or to take care of the elderly at your home, we tell the employers, “All right, it will come with an additional cost, because we will take care of the National Insurance payment, registering them, paying all the National Insurance contributions on behalf of the workers, so that you do not have the headache”. Because, really there are some employers who say they want to

pay, but they have so much on their plate doing when the day come that it is a challenge for them to do so.

11.20 a.m.

So that we took up that and the ILO has been supporting us from the offset with regard to training, because we want to have trained workers. I am sorry that Dr. Lovell Francis, the member, who I think is in part of education—the Minister in the Ministry of Education—is not here, because we also met with the National Training Agency and we developed standards for domestic workers.

So we want now, the National Training Agency to tell us whether these standards were adopted, if they were approved. We want to be part of that to ensure the training of the domestic workers when we send them out to people's homes, because we are very serious about sending workers to people's homes because of the crime situation in the country and besides you, yourself, whilst working with an employer, we have domestic workers who said they were accosted by bandits in the home. So we have to be careful too.

So we have been getting jobs, but not the jobs that we really want, because we do not only want jobs in homes, we want a contract, if we get one. So we have applied to HDC, but we have not gotten any response, but if we get one good contract where we could employ workers on a continuous basis, I think that will be a big plus for the organisation in moving forward, because our difficulties are with the domestic workers who we get jobs for, on a when-needed basis.

Madam Chairman: Ms. Le Blanc, I do not want to cut you across, but I think I might forget my question if I do not ask it now. How many workers are covered by your organisation?

Ms. Le Blanc: When you say, how many workers are covered, registered?

Madam Chairman: Yes.

Ms. Le Blanc: Well, at the moment, we have approximately 500 members in the National Union of Domestic Employees and with the Service Workers Centre, we have 35 workers at the moment.

Madam Chairman: And are these workers—what is their geographical base? Is it throughout Trinidad and Tobago? Do they come from Trinidad and Tobago or is it in one particular area?

Ms. Le Blanc: Well, not in Tobago, but we have throughout Trinidad as far as Penal in the south area. We have a lot of domestic workers coming from places like Diego Martin, Maraval, areas like that and then we have in Arima. Because we are based in the Arima, most of the domestic workers come from Arima.

Madam Chairman: And what do you do when you confront a situation where an employer or somebody hiring the worker does not want to pay minimum wage?

Ms. Le Blanc: Well, when they do not want to pay the minimum wage, you see domestic workers are covered under the Minimum Wages (Household Assistants) Order, and in that regard we are allowed to go to the Ministry of Labour and Small Enterprise Development and deal with the trade dispute as we would call it. We are also able to go in the Industrial Court. We have two members, myself and another member, who do these cases in the Ministry of Labour and Small Enterprise Development and in the Industrial Court. We are not lawyers, but we are experienced in labour issues.

Madam Chairman: So it means to say that persons who registered with you will certainly have an opportunity to have recourse if there is a dispute that you will assist them throughout the dispute resolution process. Yes?

Ms. Le Blanc: Yes, well that is what we do. We represent the domestic workers and not only domestic workers. We represent, in particular, low-income workers where other unions refused to organize, because they are so vulnerable, it is difficult to organize them, but we take on that challenge to try to organize them so that they will be able to get decent work, because that is our mission, getting decent work for domestic and low-income workers. Domestic workers, approximately 15,000 domestic workers are already covered under the National Insurance Scheme, I should say, but our problem is with like there are some employers who just do not want to pay the national insurance and then some employers come to me and say: "Well here, I have a worker for 10 years, but I cannot go back and pay for the 10 years because it comes with a penalty." If the national insurance will give us some kind of amnesty, a lot of employers are coming to me to say they will pay, but that is up to the National Insurance Board.

But the National Insurance Board has been very critical in our operations, I should say, because they give us training. We could access training from the National Insurance

Board because we have a programme called “Workers Know Your Rights”. So they would come in to us, we will invite people—those working in stores, working in groceries, the domestic workers, everybody comes together—usually we used to keep that at the Town Hall in Arima—they would all come together and we would invite the national insurance officers who will tell them about the 23 benefits and why it is so important and their role and responsibility also in ensuring that the employer pays their national insurance. But the thing is when you go to the National Insurance Board you get fired, because the employer looks at it like, if you know, you are seeking to penalise him in some way, when really and truly you are seeking to get your national insurance pensions when you reach that age, because I have been advocating for that a long time.

Madam Chairman: Okay. Ms. Le Blanc, I wanted to ask whether in this process whether there is any mechanism for mediation. Because if it is from the time the union becomes involved it becomes a sort of adversarial environment where you have to end up in the Industrial Court and so on, and the person may not want to do that because they want to keep their job, is there any mechanism between that or between those two stages to allow for mediation, for example?

Ms. Le Blanc: No, we do not have that existing at the moment.

Madam Chairman: Do you think that would be useful to have?

Ms. Le Blanc: Of course, it would be useful to have because we believe in dialogue, because before I report a matter to the Ministry or anywhere else, I call the employer and write them a letter asking them to speak with us, and usually some will come and speak with us and some do not want to have anything to do with the union, but that is how we start our process.

Madam Chairman: Any questions from members?

Mr. Rambharat: I just want to go back, Ms. Le Blanc, to the figure you gave where you say 15,000 domestic workers are covered. That is on account of the registration by the employer?

Ms. Le Blanc: Well, that was a figure given to me about three to four years ago by the National Insurance Board. These are the people who were registered under the national insurance.

Mr. Rambharat: Now, they are covered—I am going back to your word—because their

employers have registered with national insurance.

Ms. Le Blanc: Yes, yes.

Mr. Rambharat: What do you think is the gap? In other words, 15,000 are registered but how many employers you believe have not registered domestic workers?

Ms. Le Blanc: Well, I think we could safely say we have the same amount, because you see some people do not only employ one domestic worker, you know. We have families who employ five, six, domestic workers and they also have those who act in the role of supervisor and things like that. But, you see, most of the matters that we want come to the fore is with regard to the domestic workers who work on a need-to-work basis, those who come and work once in a while.

Mr. Rambharat: I do not want to go there yet.

Ms. Le Blanc: My thought changed, sorry.

Mr. Rambharat: I do not want to go there yet. Wait.

Ms. Le Blanc: All right.

Mr. Rambharat: I just want to establish, compared to other workers in the country there may be grey areas about the ability to be part of the NIS system—there is no grey area—and domestic workers are part of the system because their employers are registered. Right? The second question deals with people who have failed—the employers who have failed to register. Now, you have offered some practical considerations. I understand that, but that area of unregistered employers of domestic workers is a fault of employers and national insurance. You have talked in your submission about a campaign to get people to register the workers and so on, and you believe that the National Insurance Board should pay attention to registering or forcing the registration of employers of domestic workers. Right?

Ms. Le Blanc: Yes.

Mr. Rambharat: I just wanted to establish that very clearly. The second thing in your submission, you have talked about service vouchers, and I was interested in finding out, how do you see that working in Trinidad and Tobago?

Ms. Le Blanc: The service vouchers, well that was a research done by the ILO, and they did the research in four countries that were giving out the service vouchers. I think that is a good idea, especially not for the domestic workers who could be registered, but the domestic

workers who cannot, because the domestic workers who might come in today and you do not know when you will employ them again, they cannot be registered with the national insurance. They do not have provisions for those kinds of workers, so that is why I talked about the vouchers.

It could also be a good thing for the agriculture workers too, because these vouchers are bought by the employer from the National Insurance Scheme or wherever the Government decides this will be, and on these vouchers now, when you are paying the workers you will pay them with these vouchers. Now, these vouchers will have all the information, because they are going to the national insurance or whatever department to change it. So when they go there to change it they will have all the information. So it is not like an employer of a domestic worker could hide now and say: "No, I did not employ that person or whatever" because that is our problem. When we go to the NIB: Who is your employer? So and so is my employer. Where is your evidence to show that you worked there? You have none at all. So the service vouchers will help also in that regard.

Madam Chairman: I just wanted to enquire, I would imagine that you would come across many instances of persons who are not citizens of Trinidad and Tobago who are doing domestic work. Do you have such persons coming to you?

Ms. Walcott: Hi, good morning. In terms of your question, in Caricom, we have workers covered under CSME and domestic workers are part of the CSME category. That is why we had engaged with the National Training Agency to have the certification done for domestic workers. But we have had persons coming to us who have been approved through immigration to actually work within Trinidad and Tobago, and because domestic workers are part of CSME, it means that they are free to come to Trinidad to work. So they were approved in terms of Caricom as one of the categories of workers coming to Trinidad and Tobago and once they are certified and they have the relevant documentation, they can come to Trinidad to work.

Madam Chairman: So it means that they contribute to the NIS system?

Ms. Walcott: As far as I understand, there is a special form that is on NIB's website. It is a different form from when you are working nationally and they are part of the contributory system as well. There is something that NIB has in their system that can register them and

their contributions are then paid into NIB. I do not know what is the arrangement when the contribution has to be sent back to the country. I do not know that part of it, but I can only say what I have seen on NIB's website.

Madam Chairman: Because to me it would be a little unfair if they have to pay a contribution towards NIS, but they do not get any benefit from it.

Ms. Walcott: Well, they are registered with NIB and they would receive the regular benefits as anybody else who is registered with NIB. That is my understanding of it.

Madam Chairman: And apart from CSME persons, what about persons from South America? We have people coming to the country from all over the world because of, you know, the difficulties that are encountered in different countries. Do you have such persons coming to you?

Ms. Walcott: Yes, we had an outreach programme, I believe about four years ago, where we had actually gone into different communities and were giving out packaged information to workers. We did come across a few domestic workers from South American countries, but the problem that we had was the language. We were not able to communicate properly with them. So we have had that problem. We have not been able to communicate with them, because of the language difference. We were not able to help them in those situations.

Madam Chairman: Well, is there not some way that, perhaps, through the Ministry of Foreign and Caricom Affairs that some assistance could be had with respect to interpretation?

Ms. Walcott: Right, but through our outreach programme what we were actually doing is going into communities and giving out information to domestic workers. We went into communities that had a concentration of domestic workers—the communities would have been like Long Circular and Westmoorings and stuff—and we were actually giving out information and then inviting them to a workshop, but they would not have come back out to the workshop after. So we just gave them the information, but the information would have been in English and they were not talking English, but they did not come out to the workshop. It was a way of getting information out to people and getting membership in as well.

Mr. Rambharat: I just want to point out that in the NIB legislation there is a specific declaration that non-citizens—it is termed "Uninsurable Employment". I am sure you are

familiar with that. The CSME arrangements will cover those who are documented, but the Venezuelans for sure—I guess the Chairman did not want to specify, but that would be required, and a lot of these workers being undocumented will not look for registration.

Mr. Deyalsingh: Chair, through you, Chair my silence for the past hour and change should not be interpreted as non-interest. I was listening to all the contributions with keen interest, and I want to thank both President Dhanoo Sookoo and her team and General Secretary, Le Blanc. If I could offer a possible solution, because I think we are here now for solutions. I have heard the advocacy of both groups and you are to be heartily congratulated for your advocacy. I want to especially congratulate Ms. Le Blanc, because what the General Secretary did, she came here with solutions instead of just articulating problems.

So I have heard the advocacy and I think what we need to do, Madam Chair, with your permission, is probably refocus on what we are here to do. We are here to look at the 9th Actuarial Report into the NIB. I was reading the report whilst listening to you, because I think there are many potential solutions in section six of that report which deals with the extension of coverage to self-employed persons.

I think, if I could suggest, that the whole issue of bringing more employers and employees into the system can probably be addressed in section six, on page 83 of the report where it talks about self-employed persons who are both two categories: employers, sole proprietors, in their own right, like farmers and own account workers like employees who go for this seasonal work in farms and also, Ms. Le Blanc, you have maybe domestic workers who may be contract workers who may be employed or provide services in their own right, because they may iron one day by Mr. X and provide another service by Mr. Y on another day, so it may be difficult to bring them under the umbrella of the traditional model, but I see many potential solutions in section six. What I would like to advocate for, is to turn our advocacy here this morning, look at the data and look at the policy positions so that we could get the benefits for both the farm workers and the domestic workers.

I think one of the things that Ms. Le Blanc touched on was how do we grandfather in employers who already have domestic workers on their staff and who may wish from today to pay NIS, but you have to get them away from the penalties. Right? I think we have to find a way to grandfather in those employers who may wish to comply because social awareness

now may want them to comply.

So I would like to suggest a serious sit down between yourselves—both associations and the NIB—to really look at section six; I see many potential solutions there. I am sorry to hear Ms. Sookoo that you said that you wrote to the NIB or you met with the NIB, when? In 20 when?

Ms. Sookoo: In 2013.

Mr. Deyalsingh: In 2013. If that is true then that really speaks to a level of indifference which I think the NIB should really look at and correct. So, Madam Chair, I just want to recommend section six of the Actuarial Report as we refocus back on what we are here for as an area of potential solutions. Thank you very much.

Madam Chairman: Sure. And I saw people busily writing while the Minister was speaking, but I want to let you know that the report, the 9th Actuarial Report can be found on the NIB website. If you go up on the website you will get the full report there, so you will be able to look at the comments in the context of the full report.

Mr. Deyalsingh: Madam Chair, through you, again, I know Ms. Sookoo has her challenges with a secretariat, so she may not be able to print it out. I would suggest that the Parliament, if you can give her a hard copy—maybe give both a hard copy. Let us be in problem-solving mode.

Ms. Sookoo: Thank you. Thank you very much.

Mr. Deyalsingh: I am sure the Parliament will comply.

Mrs. Crichlow-Cockburn: Ms. Le Blanc, the Industrial Relations Act indicates that for the purposes of the Act no person shall be regarded as a worker if he is employed in any capacity of a domestic nature. I wanted to find out how does that impact your members and what would your union have done in terms of seeking to address that?

Ms. Le Blanc: Well, from the outset of the union being organized and established, that was our burning issue that domestic workers are not recognised as workers under the Industrial Relations Act. Whilst they may have the provisions under the Minimum Wages (Household Assistants) Order that we can take up issues on non-compliance, you see the whole issue is with dismissals. Most workers will get dismissed sometimes for little things that happened in the workplace. That has been our burning issue.

We were in the forefront with the International Domestic Workers Federation. We were part of forming this federation to call on governments and the ILO to put a convention for us and we got it. Convention 189 together with a recommendation 201 that spell out all the protection that a domestic worker needs. So since that happened in 2011, we have been calling on Government to ratify the convention and also to put in place to amend the Industrial Relations Act to include the domestic workers, because if I work at your home as a domestic worker, I am not considered a worker, but if I went by Kentucky and clean out there, I am considered a worker or even if you were able to hire somebody through your organisation, they will be considered a worker, but once it is done in the household they are not workers.

Mrs. Crichlow-Cockburn: I want to go back to my colleague's question in terms of having statistical data in terms of how many persons who may be employed as domestics not on a permanent or continuous basis, if you have that information because if it is you going to go forward, particularly, let us say to the NIB in terms of making recommendations to consider those persons, we need to know how many persons are involved. So I would just want to suggest that if you can get that information, have that data, it would better support a position like that.

Ms. Le Blanc: I also wanted to include, because I have been calling on the Ministry of Labour and Small Enterprises Development to make it mandatory—they have a register which is great to register domestic workers, but if you make it mandatory and ensure that these employers have to come out there and register, we might get more information on domestic workers, but for now, I do not think domestic workers are really registering.

Mr. Rambharat: I just want to make two comments. Well, first a question to Ms. Le Blanc. There was a consultation on amendments to the IRA, did your union contribute to that?

Ms. Le Blanc: Of course. We are involved in anything that the Ministry of Labour and Small Enterprise Development has and invites us to attend. We are certainly involved because it is for our membership.

Mr. Rambharat: Okay. And you follow the work of the tripartite committee?

Ms. Le Blanc: Not really. I have not started following the work, because we do not have no paid staff, so most of the work falls on two or three people's shoulders, volunteer work.

Mr. Rambharat: I am just saying that to say that—

Ms. Le Blanc: No, because we have to do that. We should be doing that.

Mr. Rambharat: No, no. I am just saying the work arising out of that consultation is advancing, and there will be another forum for discussion on the proposed amendments, the ones which have come forward which I am sure would include what you have been advocating for, for a long time. And then, secondly, Madam Chair, just to let the Agricultural Society know that we have a rule in these Committees of a line Minister asking questions and that is why I have not asked a question of you. But I want to say that, as you know, the matters raised by you fall within the responsibility of the accounting officer in the Ministry and it has been there for as long as there have been issues. You know that. I, myself, as you know, made the accommodation which you currently have available and the new accommodation that has been offered to you, I have made it available to you. Thank you.

11.50 a.m.

Madam Chairman: Well thank you, Minister. But Ms. Sookoo, the accounting officer referred to, are we talking about a Permanent Secretary in the Ministry of Agriculture, Land and Fisheries?

Ms. Sookoo: I will assume so, Madam Chair.

Madam Chairman: Well, who have you been dealing with directly with respect to the resolution of this issue? Is it that accounting officer?

Ms. Sookoo: Everyone possible, Madam Chair, within the Ministry. When I speak with the accounting officer, she said that it is a matter for the Minister, is it up to Minister. And when we hear from the Minister, he says it is the accounting officer. And this how we have been for the past three years.

Madam Chairman: Yes. But a Minister does not dispense funds.

Ms. Sookoo: Well, Madam Chair—

Madam Chairman: What is the name of the accounting officer?

Ms. Sookoo: Miss Siew.

Madam Chairman: Miss Siew.

Ms. Sookoo: Angela Siew. Yeah.

Madam Chairman: S-I—

Ms. Sookoo: E-W.

Madam Chairman: And when was the last time you had a conversation or you wrote to her or anything like that?

Ms. Sookoo: I wrote to her sometime within the last eight weeks. I wrote to her requesting a meeting. I have been continuously writing, going to the Ministry, calling; the secretary of the society has been attempting to have meetings as well. The response that we are getting is that, she is busy.

Madam Chairman: Okay. So this last letter you that wrote, did you have the courtesy of a response from Miss Siew?

Ms. Sookoo: Not from her, but I did have the courtesy of a response from the hon. Minister.

Mr. Deyalsingh: Madam Chair, if I may, please?

Madam Chairman: Sure.

Mr. Deyalsingh: I can speak for the Ministry of Health. At the Ministry of Health I do not get involved in awarding contracts. I do not get involved in determining what properties are rented. I do not get involved in the provision of computers. All those functions are under the responsibility of the civil service, and under the remit of a Permanent Secretary. There is this impression in Trinidad that the Minister does all these things. And if all Ministers are held accountable in the public domain for actions over which we have absolutely no control, and for good reason. You do not want a Minister saying “rent that property”. You do not want a Minister saying “buy that computer”, and I think that has to be made abundantly clear. No Minister ought to get involved in those decisions. That is why you have a civil service and that is why you have an accounting officer.

Madam Chairman: Well, I think members of the population are becoming more aware of the fact that the civil service has certain duties and functions and it is time that they step up—

Mr. Deyalsingh: Thank you.

Madam Chairman:—their game and that they perform those duties and functions in a timely manner. Because we have had instances in other enquiries where some of the complaints are the same. I remember when we did the case management enquiry which was our first, the sticking points rested with the civil service. So, I am quite pleased that you have,

in a sense, named the person responsible for seeing that this matter is resolved one way or the other, and hopefully some good will come out of that fact. Because if we have persons who are working for the Government of Trinidad and Tobago for the benefit of citizens as a whole, we must ensure at all levels that there is accountability to the citizens, and this is one of the ways I think we may accomplish that. So, I thank you in particular for your contribution with respect to that matter. Mr. Obika.

Mr. Obika: Chair, I would like to submit, if it is possible for us as a Committee to seek clarification from the accounting officer in the Ministry. Because sitting here I was totally confused, and knowing that the Agricultural Society is a bona fide champion of an important sector in Trinidad and Tobago, if they are being debarred from access to their property, that reason should be made available to us in Parliament. I believe so. So, if it is that we can write to them and make ventilate what are reasons for their inaction or their action to delay or to prevent them from having access, we should know. To get a resolution to the problem, because the reality is, it is not helping Trinidad and Tobago— the situation that was described by the Agricultural Society, in any way.

Madam Chairman: Well in as much I would love to be able to do that, I think we constrained by the ambit of the enquiry which we are conducting, that is to say the five points that I had read out at the beginning. But I suppose some consideration could be given perhaps and maybe we as members need to think about it further. Some consideration could be given to writing to this person to point out that is having an impact on the collection or the payments of remittances to the national insurance system. So, we need to discuss that further when we caucus on the next occasion, but I do not think that we can give, unfortunately, Ms. Sookoo, any undertaking that we will pursue the course that Mr. Obika very valiantly would like to pursue.

Is there any other question or comment by any member? All right. Well, at this stage may I invite Ms. Le Blanc to make some brief closing remarks?

Ms. Le Blanc: Thank you, Madam Chair. Well, I was very pleased and happy when I heard that I had to come here because I am involved with an international organisation in particular a human rights organisation called the Economic, Social and Cultural Rights network which is based in New York, and they are all following me on what is happening

with us in Trinidad and Tobago. So they themselves were very happy to know that I was coming here today to present my submissions and be questioned on the issue.

And I have to say that I am happy to see this happening, because I have always been advocating to the National Insurance Board, go out there, do outreach programmes, let people know how great this national insurance is all about because in Jamaica they do it. They have campaigns where they partner with national insurance and the Jamaica organisation that represents domestic workers and give them pamphlets and things where they themselves can go out and give to the public to inform them, because that is what we need to do, because things have to change, we cannot keep it the same way all the time. So we have to get information out there to all stakeholders and people who depend on the national insurance, you know, because when people know more, when we have more social dialogue and people know more, sometimes they will more accept what you are saying.

Because even coming here today to talk about service vouchers, to talk about the maxi-taxi people in my submission because all these different people, taxi drivers, because some people hire people to drive their maxis. They have 10, 16 maxis and have people working for them. We are concerned about these citizens, because social security is really to end poverty.

So in that regard I was “kinda” uncomfortable, because I am saying, if these maxi men hear me saying that, although I have been meeting with people and asking them: “What do you think? What do you think?” You know, everybody, the nuts man on the road: “What do you think?” And I was getting favourable response, but lately I heard someone come out on the TV and made a remark that I was “kinda”, you know. So social dialogue will bring everybody on board and together and all of us watching it from one direction I think, so that is what I am saying.

Madam Chairman: Yes. We are all very grateful for that because the Parliament of the Republic of Trinidad and Tobago has committed itself to pursuing the sustainable development goals, and one of those goals is the eradication of poverty, and your work seems to be in line with that goal, so it is highly commendable. So, I thank you and your organisation for that. Ms. Sookoo, would you make some closing remarks?

Ms. Sookoo: Thank you, Chair. We at the Agricultural Society of Trinidad and Tobago, we

believe in partnership. We have seen over the years where we have partnered with other organisations, institutions, Ministries and we have seen the success in those programmes. We have in the past, once we had our tools to perform our duties, we have fulfilled that constitutional mandate. It unfair to the taxpayers of this country where you are paying staff and you paying so much money, to even to pay a board that is not being allowed to perform its duties.

This work that we had initiated in 2013 with the NIB was to support not just the development of farmers, but actually to support the contribution from the farming, from the agricultural sector to this country's development. There has always been a perception out there that farmers are not law-abiding citizens. We want to be part of this process. This is our country and we want to work together to build this country.

At the Agricultural Society our work here, our programmes where we have proposed, where we have implement towards the eradication of poverty have been recognised by many institutions around the world including the United Nations and we have a lot to offer. Our board that consists of 26 individuals are very resourced people, and we want to make that contribution. We are asking to be given this opportunity to be fully functional to the benefit of the citizens of this country. High food prices, safe and health food are our primary concern, and we know that we can do it together as a country, we can all come together. Each one of us has a role to play, and we are ready and willing and prepared as the Agricultural Society of Trinidad and Tobago to do our part in the sustainable development of Trinidad and Tobago.

Madam Chairman: Thank you. I have to say that this has been one of the more enervating sessions that we had for long time, and I thank you all for the passion with which you spoke and the valid contributions which you made. And I am sure our report when we put it together will certainly benefit from your contributions today.

So thank you all very much for attending. I want to also thank the viewing and listening audience, the media and persons in the public gallery. There being no other business, this meeting is now adjourned.

12.02 p.m.: *Meeting adjourned.*

VERBATIM NOTES OF THE TWENTY-FIRST MEETING OF THE JOINT SELECT COMMITTEE ON FINANCE AND LEGAL AFFAIRS HELD IN THE ARNOLD THOMASOS MEETING ROOM (EAST), SIXTH FLOOR, (IN CAMERA), AND THE J. HAMILTON MAURICE ROOM (MEZZANINE FLOOR) (IN PUBLIC), OFFICE OF THE PARLIAMENT, PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON FRIDAY, APRIL 13, 2018, AT 9.35 A.M.

PRESENT

Ms. Sophia Chote SC	Chairman
Mr. Clarence Rambharat	Vice-Chairman
Mr. Terrence Deyalsingh	Member
Mr. Taharqa Obika	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Dr. Lovell Francis	Member
Dr. Lester Henry	Member
Mr. Tim Kimpton	Consultant Bacon Woodrow & De Souza
Ms. Sheranne Samuel	Assistant Secretary
Ms. Terriann Baker	Research Assistant
Mr. Brian Lucio	Research Assistant

ABSENT

Mrs. Vidia Gayadeen-Gopeesingh	Member [<i>Excused</i>]
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NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Ms. Jacklyn Quamina	Chairman
Mrs. Niala Persad-Poliah	Executive Director
Mr. Feyaad Khan	Chief Operating Officer
Mr. Brendon Nelson	Executive Manager, Finance and Accounting
Mr. Navin Rajkumar	Executive Manager, Investments
Mr. Bernard Smith	Executive Manager, Policy Procedures and Actuarial Services (Ag.)
Ms. Sarah Baboolal	Executive Manager, Legal Services

MINISTRY OF FINANCE

Ms. Jennifer Lutchman

Deputy Permanent Secretary

Ms. Chintamani Sookoo

Director, Agro-based Manufacturing and Services
Sector (Ag.)

Mr. Khemkaran Kissun

Senior Audit Analyst

Madam Chairman: I wish to reconvene this meeting of the Joint Select Committee on Finance and Legal Affairs. Good morning to all. There are some preliminary statements which I need to make before we get down to welcoming you and to introducing ourselves and you introducing yourselves to us. This is the 21st Meeting of the Joint Select Committee on Finance and Legal Affairs. Today the Committee will convene its fourth public hearing pursuant to its enquiry into certain aspects of the national insurance system of Trinidad and Tobago. The last hearing on this matter was convened by the Committee on the 19th of January, 2018.

This hearing is being broadcast live on Parliament Channel 11, Parliament Radio105.5 FM and the Parliament YouTube channel, *ParlView*. Members of the viewing and listening audience may send comments via email at parl101, that is to say P-A-R-L101@tpparliament.org., on our Facebook page at facebook.com/tpparliament or on twitter@tpparliament.

Now that I have gone through that, I will like to welcome officials and representatives of the National Insurance Board. I am pleased that the Chairman has been able to make it this morning, and also representatives of the investment section of the Ministry of Finance. Welcome to you all.

I would ask you to introduce yourselves. Perhaps you can start from left to right and then go to the second table. Just introduce yourselves, state your name, position and which organisation you are from.

[Introductions made]

Ms. Quamina: Madam Chair, I was appointed to the board around the end of December 2017, and I am pleased to be here today.

Madam Chairman: Thank you all very much. Now we will introduce ourselves to you starting from my left.

[Introductions made]

Madam Chairman: And even though she did not introduce herself, sitting to my left is Ms. Samuel, who is the Secretary to the Committee and with whom you may have communicated in making the arrangements for attendance.

I am going to read the five objectives of the enquiry for people who may have just tuned in or may be listening for the first time.

The five objectives of this enquiry are:

1. To examine the recommendations of the Ninth Actuarial Review of the National Insurance Board of Trinidad and Tobago;
2. To examine the implementation of the actuarial recommendations of the Ninth Actuarial Review of the NIBTT;
3. To examine the investment policy of the NIB of Trinidad and Tobago;
4. To understand the trends in income and the relationship to the payment of benefits;
5. To make recommendations to improve the sustainability of the national insurance system.

At this point I will ask for some opening statements, first of all, from Ms. Jacqueline Quamina who is Chairman of NIBTT.

Ms. Quamina: Thank you very much, Madam Chairman, and once again thank you for inviting the National Insurance Board to appear before the Committee. My team and I appreciate all opportunities to be able to speak on the National Insurance Board and its operations.

Our responsibilities for managing national insurance encompass ensuring that the vulnerable in our society are protected and that there is an effective safety net in place. As Chairman of NIB, my focus is with three of our strategic objectives that I consider critical. Each of the three objectives will ultimately benefit the fund through increased returns on our investments, increased oversight and accountability and increased compliance.

The first of these is the implementation of the recommendations of the Ninth Actuarial Review. The second, enhancing compliance and the customer experience and the third, managing the fund and ensuring that the board has sound oversight and controls in place over its business and operations.

Madam Chairman, you will recall that the primary recommendations of the Ninth Actuarial Review focused on, firstly, increasing the retirement age incrementally to 65. Two, increasing the contribution rate from 13.2 per cent to 15.6 per cent and, three, the First Schedule which would widen the scope of the investments that the National Insurance Board is authorised to make.

I begin with the First Schedule because that is one of the easiest of the objectives to achieve. The First Schedule prescribes our permitted investments. We began this year by compiling our recommendations on the amendments to the First Schedule. The Minister does have the power, that is our Minister of Finance, under the Act, to amend the First Schedule by Order. The most restrictive requirement in the First Schedule is that only 20 per cent of the fund can be invested outside of Trinidad and Tobago. This strictly limits and restricts the return that we can make. Our recommendation is that that limit be increased from 20 per cent to 40 per cent. The recommendations of the National Insurance Board for the amendment to the First Schedule have been submitted to the Minister, and we have had discussions with his officers in the Ministry of Finance and we are very optimistic that we will soon have a response to these recommendations and that the amendments would be forthcoming.

The other recommendations of the Ninth Actuarial Review are a little more complex. We are researching and compiling position papers for the Minister on these issues that will inform policy and guide the necessary legislative amendments that will be required. That said, the Tenth Actuarial Review is due to be received I think by about July of this year, and given the economic environment we expect that the recommendations in that actuarial review will be a little more aggressive than even what we are asking for at this time.

The increase in retirement age—Trinidad and Tobago, like many other countries in the rest of the world, has an increased life expectancy and a shrinking workforce due largely to fertility and migration. The National Insurance Board would be recommending to the Minister that the retirement age be gradually increased to 65 commencing from 2025. We have chosen the year 2025 to allow for persons who are already planning for their retirement to do so. In this regard as well, the increase in the retirement age, Trinidad and Tobago is lagging far behind many of its Caribbean counterparts and indeed, the Caribbean

and the United Kingdom. The National Insurance Board will also be recommending a rate increase from 13.2 per cent to 15.6 per cent.

With all of these initiatives we intend to ramp up our public education drive with respect to aspects of these recommendations that may be of interest to the public so that the public understand the rationale for these changes.

The actuarial review proposes a number of initiatives that together—and you cannot take any one initiative in isolation, it is all of the recommendations together that will assist in achieving the long-term sustainability of the fund.

Madam Chairman: Thank you, Ms. Quamina. I know that you have a lot to tell us, but because many of our members have to attend Parliament this afternoon at 1.30, we have to make sure that we give our members the opportunity to ask you the necessary questions to inform our report. So I apologize for cutting you short on your opening statement, which was very valuable.

May I ask for a very brief opening statement from the Deputy PS Ministry of Finance?

Ms. Lutchman: Thank you, Madam Chair. The Ministry of Finance acts on behalf of the Minister of Finance in carrying out his functions in accordance with the National Insurance Act. Since our last meeting, the Ministry of Finance, as the line Ministry with responsibility for the National Insurance Board, has received requests from the NIB and these requests were based on the recommendations of the Ninth Actuarial Review. These include increasing the overseas investment limit, as was alluded to by the Chairman, and increasing the number of jurisdictions in which the NIB can invest. This would serve to increase revenue to the fund and to minimize concentration risk.

The proposed changes would require changes to the First Schedule of the Act, and I would like to say the matters are currently receiving the attention of the Ministry of Finance, and the NIB has been providing the necessary information that we have been requesting to move forward. Thank you.

Madam Chairman: Thank you very much, Deputy PS. Does any member wish to start off with a question? Dr. Francis?

Dr. Francis: Good morning everyone. Good morning, Madam Chair, I will start with you. It was made very clear during our last hearing that the main factor influencing the kinds of

changes suggested by the actuarial report was demographic changes in the nation. However it was still being said; there were still issues being raised, without any evidence to support it, as to the management of the fund and all of this. So it is good to hear that you are talking about a public education drive to make that point more concrete.

What specifically does the board have in mind in terms of that public education drive? And as a second question I will just ask one time: Is there going to be a social media component seeing that, sadly, maybe the majority of our citizens now get their news via Facebook?

10.40 a.m.

Ms. Quamina: Thank you very much. Madam Chairman, members, the public education campaign will have to take—we have very various facets. Firstly, liaising with our main stakeholders, the public, as well as various interest groups that are affected, labour interests, business and various other groups in the sector, and explaining to them why the changes are necessary, and why maybe the increase in the retirement age or increase in the rate of national insurance payable, why it is necessary, and hopefully bringing them on board.

Compliance is very important, and we are also hoping through our education drive to have people understand how important compliance is that employers will seek to get their employees registered and register themselves, and that payments will be made, and why it is so important for, not only the sustainability of the fund which is not the sort of be-all and end-all, so that people are able to receive their benefits at the end of the today. So it is a whole package, but we feel in talking to the public and speaking to them and explaining our purpose that we will get greater buy-in from the public.

Madam Chairman: Sure.

Mr. Deyalsingh: Thank you. Thank you, Chair, good morning to all. I am going to put on my hat as a Member of Parliament for St. Joseph. In that hat I have to represent employees, as well as employers, but mainly employees. The whole issue of contributions being taken out from employees' pay packets are not being forwarded to the National Insurance Board. Do you have any data that tells me—A: How many employers there are in Trinidad and Tobago? B: How many of them have defaulted on their responsibilities to the ordinary citizen of Trinidad and Tobago who make their contributions?

Ms. Quamina: We do have departments in the National Insurance Board that are responsible for employer collections and audit function and also for income collection. The actual numbers related to that, I am going to have to pass over to the Executive Director for her to give us the details on that information.

Mr. Deyalsingh: So basically, Mrs. Persad-Poliah, would you have any data that you can share with us now as to the amount of defaulted employers?

Mrs. Persad-Poliah: Good morning, again, member. The number of employers registered in the system as at today stands a little over 21,000 employers. In fact, it is 21,342—

Mr. Deyalsingh: Right.

Mrs. Persad-Poliah:—as at the end of the end of the last financial year June 30, 2017. Of course, we recognize that there are more employers operating in the country, and what we are currently doing is ramping up our compliance efforts. So the only way, member, that we can actually determine whether there are defaulting employers or that there is a debt to be collected is via the conduct of audits.

Mr. Deyalsingh: Okay.

Mrs. Persad-Poliah: So, I share with you that traditionally the NIB would have—we operate with just about 60 compliance officers out of our 700 employees to service all of Trinidad and Tobago. And traditionally annually we conduct about 4,000 audits. This year in an effort to ramp up those compliance efforts and to ensure that we are a little bit more robust and aggressive in our approach, we have increased our audit numbers by 92 per cent. So at the end of this financial year we expect that we would have completed about 8,000 audits, and it is only through the conduct of audits that we can actually determine, one, whether there are employers who are moonlighting; and two, whether there are employers who exist, but who are not paying in the right contribution classes.

Mr. Deyalsingh: Well, the follow-up question and comment is this. I see in the report, as you rightly said, for 2017 you did 4,512 audits—

Mrs. Persad-Poliah: Correct.

Mr. Deyalsingh:—and you plan for this year to do exactly 8,642.

Mrs. Persad-Poliah: Correct.

Mr. Deyalsingh: So, you are to be heartily congratulated for that, because that is an issue

dear to me as a representative of the ordinary man in the street, so, I hope you do get the resources to do these audits. How many auditors do you think you will need? You say that you currently have 60.

Mrs. Persad-Poliah: Those audits are conducted internally.

Mr. Deyalsingh: Internally.

Mrs. Persad-Poliah: Yes. So there is an authorised—there is a recovery or compliance department which, in fact, we have restructured recently in our efforts to become a little bit more aggressive as to the approach that we have adopted. The full complement stands at about 65 authorised officers right now, and actually I am only short—we are operating with about 55 persons currently. To conduct all the audits that we need to conduct, our data is suggesting that we need about 80 authorised officers.

Mr. Deyalsingh: Okay. So that is not too bad. Could you, as a follow- up—

Madam Chairman: Just a second, member. Before we lose the point, I just wanted to ask something which arose out the opening statements, and that is to say, we are looking forward, apparently, to an increase in the amount of foreign investment from 20 per cent to 40 per cent and that is likely to be forthcoming pretty soon. Now, correct me if I wrong. If that moves from 20 per cent to 40 per cent, would that mean that NIB will now be investing in the area of \$5 billion outside of Trinidad and Tobago? Ms. Quamina, I do not know if your Executive Manager, Investments, might want to answer that.

Ms. Quamina: I am sure he will be able to.

Mr. Rajkumar: Madam Chair, your calculations are approximately correct. So the fund is roughly about \$25 billion, so 40 per cent of that will equate to about \$5 billion.

Madam Chairman: Well then, I have to go back—

Mr. Rajkumar: \$10 billion.

Madam Chairman:—to the Deputy Permanent Secretary.

Mr. Rajkumar: \$10 billion. Sorry. \$10 billion.

Madam Chairman: I will have to go back to Deputy Permanent Secretary now. I am not seeing the names as clearly as I should, so forgive me, but if you think that another member of your team may be in a better position to answer this question, perhaps you can just indicate. What impact will that have on our exchange rate?—because we are going to have

to find \$5billion. What impact will that have on our exchange rate?

Ms. Lutchman: Madam Chair, we are currently looking at the proposal, and considering all the facets and we have requested all the information from the NIB to do our analysis, but at the moment I cannot give you what the impact will be, but I can certainly provide it in writing.

Madam Chairman: Well, is it fair to say that it will have an impact on our exchange rate. Correct?

Ms. Lutchman: There will be an impact, but I cannot say the extent of the impact.

Ms. Quamina: Madam Chair, if I might?

Madam Chairman: Certainly.

Ms. Quamina: The National Insurance Board, the fund does consist of—a certain portion of it does consist of foreign exchange already, US dollars, which are invested overseas and which do earn interest in their own right. So to a large extent it will be that interest that will allow us to reinvest overseas and maintain the sustainability of the fund that way. So, we will be using interest that we have earned and investing it overseas.

Madam Chairman: I see. So, is it contemplated then that the investment will be increasing incrementally, like you would not go from 20 to 40 immediately. Is that what is contemplated?

Ms. Quamina: Yes. Absolutely. True. And only as we see investments that are worthwhile, you know, of investment.

Madam Chairman: Sure. I have never seen such a vibrant Committee, I must say, as I am seeing today, and I think I must commend our guests for inviting that response from members. So I—

Mr. Deyalsingh: I would like to finish up on my—

Madam Chairman: Sure. Yes. Go ahead.

Mr. Deyalsingh: Thank you, Chair, for clearing up that issue on the forex and it may not be as significant as we thought. So thank you for clearing that up.

I want to get back to the issue of defaulting employers. How many employers who have defaulted have actually been charged under the Act in any particular year? I want to see how robust your enforcement is on behalf of the employees of Trinidad and Tobago?

Mrs. Persad-Poliah: All right. To answer, again, I am going to put it into a little bit of context.

Mr. Deyalsingh: Sure.

Mrs. Persad-Poliah: So as I said, we have about 20,000 employers registered in the system.

Mr. Deyalsingh: Twenty thousand, three hundred and forty-two.

Mrs. Persad-Poliah: Yes, Minister, of which approximately 16,000 to 17,000 are actually compliant on a month-to-month basis. So we receive contributions from about 17,000 employers monthly. Right?

Mr. Deyalsingh: So, you have about 4,000 who may be “iffy, dodgy or dicey”?

Mrs. Persad-Poliah: Who are, yeah, who can be—correct.

Mr. Deyalsingh: Right. But how many of those have been actually taken to court, prosecuted? I want to see how robust our enforcement is under the Act.

Mrs. Persad-Poliah: Member, I do not have the numbers—

Mr. Deyalsingh: Okay.

Mrs. Persad-Poliah:—in terms of the actual number of prosecutions. I do not know if my Head, Legal, perhaps has that number in terms of what are the number of persons that we have prosecuted. But our efforts though have really been focused on collections. So, you know, when there is an employer who is indebted to us, our first recourse really is not to sue the employer. The NIB has always adopted a very conciliatory approach—

Mr. Deyalsingh: Okay.

Mrs. Persad-Poliah:—in terms of approaching the employer, allowing them to settle the debt via instalments, promissory notes or some sort of arrangements. When that fails is when we would actually go to court to litigate the matter.

Mr. Deyalsingh: Great. Thank you very much.

Madam Chairman: Okay. Sen. Obika.

Mr. Obika: Okay. Thanks, Chair. For the NIB it is a pleasure to meet, again, Madam Chair. Madam Chairman Ms. Quamina, the questions, I have two questions. One is basically: Which foreign markets are being looked at?—because there was mention of, being the lowest hanging fruit, of the three recommendations, expanding the foreign markets that the fund can invest in? So that is the first question, which foreign markets are being looked at?

Ms. Quamina: Currently, we are able to invest in Commonwealth countries, as well as the United States and, of course, Trinidad and Tobago. What we are asking is that the scope of

these investments, the committed countries be widened to include the OECD countries, and then together with that they will have to be of a certain rating as well. I think it is investment grade.

Mr. Obika: So, I am going to ask a follow-up and the following question, so you can answer both simultaneously. The follow-up to that question is: Does NIB have an executive manager for risk or a general manager for risk?—given the broadening of the risk profile because of the portfolio increasing in terms of foreign versus the local.

The second question really is regarding reports. They suggest general reports of a certain category of employers being CEPEP contractors using the NIS payments for their staff for business expenses and not remitting them to the fund. Are these reports true? And if so, has any action been taken against the offending contractors?

Ms. Quamina: Madam Chair, if I could deal with the first question first with respect to the risk to the fund. The National Insurance Board's department is structured in that we have an investments department which is very well staffed and very vibrant. In addition to that we do have a risk department. We have implemented ISO 31000 as our standard for analysis of risk, and we do have a manager responsible for risk who analyzes the risk throughout the National Insurance Board including of our investments, so that the board gets an overall picture of our risk appetite.

With respect to the second question, I will have to ask the Executive Director if she has information on that issue.

Mrs. Persad-Poliah: And just to remind me, your question focused on CEPEP workers?

Mr. Obika: CEPEP contractors. The reports are that—because I am narrowing the reports so that I do not bring too much hearsay into it. Right? So the reports are that some of them are culpable of using the funds for their staff's contributions for business expenses and not remitting it to the NIB.

Mrs. Persad-Poliah: And, Madam Chairman, I clarified the question because that matter is actually under investigation and I would prefer that we can report to the Committee in writing on that matter.

Madam Chairman: Certainly. Just so that we can pursue the topic of risk, I have to say, sometimes when we ask these questions, we have to ask them in the context of appreciating

that there is an audience listening and viewing and that audience may not be able to ask questions easily of you. So in the context of risk we had asked in our list of questions, how will the NIB categorize its risk tolerance level? And one of the things which you had responded and said to us was that your risk appetite is necessarily towards the middle of the risk-taking spectrum. What does that mean?

Ms. Quamina: Madam Chair, it means that we are prudent, we prefer not to go either end of high risk or low risk. So, I suppose if it is colour-coded we would be in the sort of orange spectrum, not red and not green, but somewhere in between.

Madam Chairman: I understand that every profession has its own lingo, you know. It is good to know that all of this means that it is not high risk and not low risk.

Ms. Quamina: Right. We try to pull together everything so that at the end of day you get a sort of template which shows, and it is usually colour-coded as well, so that you can sort of see that our risk is mid-range and not extreme.

Madam Chairman: Sure. Dr. Francis.

Dr. Francis: Madam Chair, the NIB is a large whale in a fish bowl as of now, so basically you invest in whatever you can locally, as far as you can. Given that change in the scope that you will have overseas, is there going to be any philosophical change? So what are you going to invest into overseas? Or, how do you see expending double your investment quota overseas? Is there going to be a different rationalization or is it going to be along the same lines as what is done here now?

Ms. Quamina: I do not expect any change to our philosophy or to our risk profile. What this will do is allow us to make investments if recommended by our international advisors maybe in some the OECD countries that I was mentioning maybe, for example, Germany or one of the other European countries that are considered, you know, worthy of investments, so we would be able to look at that type of investment, but without changing the actual profile of risk that we undertake.

Dr. Francis: So what do you actually invest in now overseas?

Ms. Quamina: We have international fund advisors. We have three or four that we are contracted with now who make investments on our behalf. They have a mandate within which they operate, and they will make the investments for us.

Dr. Francis: Sorry. I mean literally what do you invest in? Property? Do you invest in bonds? Do you invest in stocks?

Ms. Quamina: Securities, shares, companies, bonds, anything like that, not property, not real estate.

Mr. Obika: Madam Chair—

Madam Chairman: Sure. Sen. Obika.

Mr. Obika: I know that we have a consultant here who may have some pointed questions, but I want to sneak this one in first, and it is a follow-up to Dr. Francis' question. When we look at international investments one always considers the ethics of the fund that we are investing into, given that, for example, the Rhodes fund that provides scholarships for persons from places where the creator of the fund essentially was seen as an evil human being, to put things very simply. So it is not funny when that same—persons, for example, from Rhodesia or Zimbabwe are now getting benefits from this fund which is really blood money. So in essence in the ethics of the foreign investment, is it that the ethics of the funds that you are investing in will be considered, given the cases of Rhodes fund, for example?

Ms. Quamina: Madam Chairman, I am sure that we would consider those factors when we decide on an investment advisors and we are drawing up the mandate within which those investments would be taken, and then the mandate is, in fact, considered by our investment committee, factors like that would come into play, and we would certainly consider ethical issues.

Madam Chairman: We have some questions from persons who are listening and viewing. First question is whether NIB's proposed recommendation were discussed with unions and similar groups?

Mrs. Persad-Poliah: And the answer to that is, yes. Madam Chair, the Ninth Actuarial Review became a public document in November of 2015 and we began our national consultation then. Thus far, we have held several consultations and discussions with most of our key stakeholders representing the trade unions and the business community.

Madam Chairman: Another question is that the viewer or listener thought that 20,000 paid registered employers who are paying NIS that that figure sounds quite low and wanted to know how many of those are sole proprietors?—so that is to say, individuals as opposed to

corporations.

Mrs. Persad-Poliah: Minister, I would not be able to dissect that data now. The information that I have is that, on our system as of today, there are 21,000 employers registered. Again, I can provide that to you at a subsequent time.

Madam Chairman: Okay. Now this one does not strictly have to do with our objectives, but I think if you can give an answer it may allay some concerns that some of our listeners and viewers in Tobago have which apparently is that the NIB office in Tobago has been shut down, and they would like to know what is happening: When would it be reopened and where?

Mrs. Persad-Poliah: Member, we have been operating, at leased premises in Tobago at Mount Marie for a number of years. In Early March those premises were deemed to unsuitable for habitation, for health and safety reasons, and management and the board made a decision to immediately remove staff and customers from that venue in the interest of safety. Our operations were impacted by one week, and we have since relocated to Furcon building in Scarborough and we are operating from that site right now.

Madam Chairman: Excellent. Yes, Dr. Francis.

Dr. Francis: Madam Chair, in terms of this proposed change from 20 to 40 per cent in terms of your overseas investment, is the NIB acting autonomously or have there been discussions with the Ministry of Finance, Central Bank? I mean, it is a no-brainer question, but still I will ask anyway.

Ms. Quamina: We are working very closely with the Ministry of Finance on this and I am sure the Minister probably would not sign any order unless we have his full agreement. Ms. Lutchman would not let him do it.

Mr. Deyalsingh: Thank you. As a former employer who found it difficult or harassing to go down to an NIB office and wait in line and send an employee and so on, in an effort to make the relationship and the interface between the employer and your good selves better, to give the employer no excuse about non-compliance, is there any consideration to setting up an electronic interface between your good selves and your customers who are the 21,342 employers so as to make employers who are your customers, one of your primary customers, have a better experience?

Ms. Quamina: Absolutely, Minister. It is one of our strategic initiatives, the use of technology to make communication between ourselves and employers and employees easier, to make it easier for people to make payments and make it easier for people to receive payments. We currently have a large project that we are embarking on to change out our ICT, and we are working on that, but in the interim, last year and this year, we have made small incremental changes that should make communication with the NIB much easier. The Executive Director would be able to give us some details of some of the things that we have introduced.

Mrs. Persad-Poliah: So, Minister, for example, and we are on board. We recognize that there are enhancements that are required to ensure that our customer experience is excellent, and we at the management team and the board are committed to making those changes. In fact, we began in 2015 when we removed the proof of life for our long-term beneficiaries. I am sure you would recall that—

Mr. Deyalsingh: Yes.

Mrs. Persad-Poliah:—because your members probably would have congratulated the NIB on that.

Mr. Deyalsingh: Yes.

Mrs. Persad-Poliah: But in addition to that, Minister, we have made available online payments for our employers. Most of the major banks are on board and that allows the employer, from the comfort of his or her home or their offices, to submit their payments to the NIB online.

We also have a system where you are allowed to upload your data through our website www.nibtt.net, and we are now looking at perhaps at the end of this year, but certainly in this strategic period to ensure that you will be able to also look at your online contribution statements, because we recognize that there are persons who would like to see those. And at this point we are making the changes in terms of ensuring that the data is correct, so what when we allow you to go online and view your statements they will be up.

Madam Chairman: Thank you, Mrs. Persad-Poliah. Sometimes I may have to cut you across, but it is just because some members may have to leave before the time and they have questions that they want to ask. Mrs. Crichlow-Cockburn.

Mrs. Crichlow-Cockburn: Thank you, Madam Chair. My question has to do with respect to the relationship between the Ministry of Finance and the National Insurance Board and the provisions of the National Insurance Act in terms of that relationship and governance. And I wanted to know if it is both the NIB and the Ministry considered that there were any deficiencies in the Act? If there was anything that probably hinders your operations because of those deficiencies, and if you have any suggestions for amendments to improve it?

Ms. Quamina: Again, one of our strategic objectives this year is really looking at the whole National Insurance Act and making recommendations for its review. It is one the exercises we have started already. I mean, the Act has not had a major overhaul for probably since its inception. So it is our intention, we are working through it. It is going to be a big project. We are working on it internally at the moment, and then we will have to enter into many, many discussions with the Ministry of Finance before we can even get close to Parliament I am sure, but, yes, we are.

Ms. Lutchman: To follow on, member, the NIB has proposed some small changes that have been receiving the attention of our Treasury Solicitor at the moment, and they will get feedback in a short while.

Mrs. Crichlow-Cockburn: Thank you, Madam Chair.

Madam Chairman: You referred to the 10th review being available by June 2018, is there a draft that you have?

Ms. Quamina: Not yet, Madam Chair.

Madam Chairman: Okay. And the terms of reference, are they the same? The terms of reference for the actuary, are they the same as for the 9th?

Ms. Quamina: I would expect so. I will defer to Mr. Khan.

Mr. Khan: Madam Chair, the terms of 10th year are effectively the same as the 9th year with the addition of a review of the conditions for accessing benefits and comparisons with regional counterparts.

Mr. Rambharat: Okay. The Ninth Actuarial Review referred to, I think you had indicated that you are already utilizing the principal investments that you have, you are not only relying on income and investment income. So to what extent are you relying on your investments to fund your expenses?

Mrs. Persad-Poliah: Member, the Ninth Actuarial Review projected that in 2013 our expenditure would exceed our contribution income, and it further projected that by 2019 our expenditure would exceed contribution income plus investment income. So the trend that we have seen since 2013 is that our contribution income is no longer sufficient to cover the benefit expenditure, and we have been utilizing investment income. For last year, the year ended June 30, 2017, we would have utilized approximately \$700 million to support benefit payments. And for the next financial year we are projecting that we will have to utilize about \$1.2 billion to support benefit expenditure.

Mr. Rambharat: Now just to clarify, now that is investment income not the principal?

Mrs. Persad-Poliah: No. That is investment income. So on an average, on an annual basis we collect just about 4.5, \$4.6 billion, but we paid out \$4.7 billion. In fact, last year we paid out \$4.7 billion. It is projected that for this financial year ending June 30, 2018, we are projecting to pay out about \$4.7 billion, \$4.8 billion, yet collect \$200 million or so short.

11.10 a.m.

Mr. Rambharat: The second question: I have looked at the most recent submission, and while our Committee is looking at the Ninth Actuarial Review, you seem to have built a bridge to the Tenth Actuarial Review, having looked at all the Actuarial Reviews in the past, I think you could anticipate that the Tenth Actuarial Review will call for more urgent steps to be taken. So, from now, what are projecting would happen to contributions? To expenses? And to your investment policy? I remember on the last occasion you referred to some changes to the investment policy, but anticipating what the Tenth Actuarial Review will contain, what changes are you already contemplating?

Ms. Quamina: Madam Chairman, at this time we are working still with the projections as at the Ninth Actuarial Review, and we feel those can hold for the time being, but no investment policy can be stagnant. It has to move over time. So, once we get the Tenth Actuarial Review in hand we will immediately start adjusting our projections to take the recommendations into account. But at this time, we feel if we were able to get, for example, our contributions increased to 15.6, and we are moving towards, with time and age, we think that can work. We have given a big window for implementation of the retirement age. It is possible that we might, after receipt of this next review, ask that it be condensed a bit. But at this time, we

cannot really predict what it would be. We are in a position to move forward with what we have on the Ninth at this time.

Madam Chairman: Thank you. Mrs. Crichlow-Cockburn.

Mrs. Crichlow-Cockburn: Thank you, Madam Chair. It is just clarification more for the public than anything else. In term of the contributions collected, is it that there is a shortfall between the maximum that we could collect and what is actually being collected? And if you collected the total that could be collected, would it be such a great impact as having to go to the investment income? Let me explain further, we said we are collecting about \$700 million—

Mrs. Persad-Poliah: No, sorry.

Mrs. Crichlow-Cockburn: No, we use \$700 million.

Mrs. Persad-Poliah: Correct. So, for the last financial year we collected \$4.6 billion, and I paid out in benefit expenditure \$4.75 billion.

Mrs. Crichlow-Cockburn: Okay. So, is it that out there—there is \$4.7 billion due, but there are persons who are defaulting, and that is why we collect less? I am trying to understand if all employers and all employees paid the contributions that are due, if the NIB would not have to depend so heavily on its investment?

Mrs. Persad-Poliah: And that is the intention of the audits, hence why we have gone aggressively to conduct at least 8,000 audits this year. Because we would know for certain the number of employers who are moonlighting, for want of a better word. And more so, those who are just not paying the correction contribution rates. Because we do have employers who are paying in classes 1 to 5, when they really ought to be paying in classes 7 to 12. So, the audits are going to determine two things: One, how many employers are out there that have not come under the umbrella of the NIB? And two, for those who are out there, are you paying the correct amount for your employee?

Mrs. Crichlow-Cockburn: Thank you. And you mentioned a proposal, Madam Chairman, to move the rate, to increase the rate from, I think it was 13.5 to 15.6, was this under the Ninth Actuarial Review, or is that projecting another rate increase for the Tenth Actuarial Review?

Ms. Quamina: No, this is under the Ninth Actuarial Review.

Mrs. Crichlow-Cockburn: Okay. So, if there are any further rate increase you will have

discussions with all of the major stakeholders?

Ms. Quamina: Absolutely, yes.

Mrs. Crichlow-Cockburn: Thank you very much.

Dr. Francis: Chair, I want to ask a ridiculous what if question. Is there any scenario in terms of the number of employers that makes all of this moot? Let us say for example, your audit finds we have 40,000 employers, and we have had a whole half of the employer total missing. Is there anything that renders this state of emergency situation that we are entering moot? Is that possible?

Ms. Quamina: To give a factual answer I am going to have to go to Mr. Khan for a factual answer. *[Interruption]* I would think it would not eliminate the necessity for the other adjustments we are asking for. I think our minimum pay out of about 3,000 is very generous compared to international standards, and that alone probably is not sustainable without making the adjustments to the investments we can make, and also to the retirement age. Remember we have a shrinking population as well, so contributions coming in are shrinking. We are getting less money every year, and we are having to pay out more because those of us over 60 are living for longer.

Dr. Francis: So, regardless of whatever the audit says, there will have to be at some point some adjustments?

Ms. Quamina: There will need to be adjustment. Yes.

Madam Chairman: Can I ask you this very pointed question then. If you have an employer who has not been paying the correct amount for whatever the reason, is the employee going to get a pension based on what ought to have been paid or what was actually paid?

Mrs. Persad-Poliah: Sorry. Chairman, can you just repeat the question for me? I beg your pardon.

Madam Chairman: According to your requirements, people within certain categories would have to pay certain amounts, correct?

Mrs. Persad-Poliah: "Mm hmm."

Madam Chairman: So, if an employer defaults or does not comply with the law, and does not pay the full amount that he or she is supposed to pay for that category, is the employee's retirement benefit going to be based on what was actually paid, or the category that the

employee fell in? I do not know if I have made myself clearer.

Mrs. Persad-Poliah: Madam Chair, when someone submits an application for retirement benefit, we would use the information that is on the system in terms of pulling their insured statement. That statement says very clearly the period of time that they have worked, and the classes that they would have paid their contributions in. It ought to add up to 52 contributions annually. Hence, most persons in excess of 750 contributions will get a minimum retirement pension. The only way we would actually know that the employer is paying less, is if through our compliance efforts, through our authorised officers, or if there is any whistleblowing by employees in terms of coming now to look after their own contributions, and say, “You know what, my employer may not be paying for me in the correct category.” That triggers an investigation into that employer.

Madam Chairman: Thank you. We had been talking about the increase in retirement age, and we see that the increase proposed in the Ninth Report—well, I know Ms. Quamina that you had indicated that the Tenth Report might tell us something different. But, I am just comparing what we have now. So, we are looking at an increase in retirement age over a period of 35 years, and when we look at other countries in the region, we see that St. Lucia increased their retirement age over 12 years; St. Vincent is doing it, currently over 12 years, and Antigua is currently doing it, for eight years. So, could you assist us with respect to what strategy was used to come up with this 35-year period?

Ms. Quamina: That was the proposal that the actuaries put forward in the Actuarial Review. I am not quite sure—

Mr. Khan: Madam Chairman, just to clarify, one of the considerations that Actuaries would take into account is the impact on the existing workforce. The impacts on the existing population. So, a date would need to be chosen to give people ample time to plan for retirement, as opposed to just changing from 60 to 65 today for tomorrow. And that is why there was such a lengthy period of time under consideration. If you think about it, in 2060, if we were to start moving, the portion of the workforce that would be impacted would be those currently younger than 25, 23 thereabouts. So, it is a small portion of the workforce that would be impacted with this lengthy time to implement.

Madam Chairman: But it seems as though—was that the primary consideration? Because,

I mean, whatever adjustment you make will have an impact on some part of the population. So, was that the primary consideration? Was it the only consideration? Were there other considerations taken into account into creating this very long time period?

Mrs. Persad-Poliah: Madam Chairman, the Ninth Actuarial Review recommended a mix of reform measures. Increasing the retirement age from 60 to 65, beginning in 2025, slowly, over a period of time. That is one. Two, increasing the contribution rates from 13.2 to 14.4, and then to 15.6. And three, maintaining the minimum pension, which we consider to be very generous at this point, until it becomes relevant. So, the projections with respect to when we began moving the retirement age, as Feyaad would have said, was made in 2015, and on the understanding with the expectation that there would have been this 10-year period between 2015 and 2025 to allow persons to plan, to look at their retirement in terms of annuities, et cetera. And in 2025 it actually begins incrementally. It does not go straight to 65. It begins to go incrementally to 61 and thereafter taking it up to 65 in the year 2060. So it is really about planning; allowing the population the opportunity to plan their retirement on the understanding, though, Madam Chairman, that the other reform measures would take effect to allow for the sustainability of the fund in the interim.

Madam Chairman: Thank you. You have a question?

Dr. Henry: [*Inaudible*]

Madam Chairman: Oh, I see. Okay. I thought Dr. Henry had a question. For somebody like me, with little financial knowledge, 35 years in comparison with terms of years used in other countries is still a considerably long time for an adjustment which is necessary, it seems, to be made. So, what I am trying to get is – I know you have other things which you have proposed and so on, but we are really looking at a period of beyond 35 years, because we are saying 10 years from 2015. So, we kick off at 2025, and then we are looking at a further 35, so we are looking at 45 years to implement this part of your policy. That is a lifetime. And why is it so long? And is there any proposal to reduce it?

Mrs. Persad-Poliah: Madam Chair, the Tenth Actuarial Review, which will be completed in draft by June 30, 2018, will give us those projections. In fact, our preliminary information is suggesting that it is going to shorten the period within which that retirement age must change. But, we are not in a position to actually definitively say what that may go to. But we

expect that the period will be significantly shortened in the interest of ensuring that there are moneys to be paid for generations to come. Because we need to secure the fund to ensure that we can pay.

Madam Chairman: Dr. Henry has a question.

Dr. Henry: Morning everyone. I understand what you said about the benefits exceeding receipts, and so on. But my understanding is that the NIB has a lot of cash sitting around, cash or near cash, and I would like to know what is the state of that. That un-invested funds, is that still true, or what has happened with that?

Ms. Quamina: I am not sure I understand the question. We do have cash and near cash, because that is needed for us to pay out benefits. We do have a structured portfolio, and where we can invest for longer periods of time, we do. I am not sure if you could clarify if I have answered the question.

Dr. Henry: The information I have was that you had a lot of un-invested income sitting around in accounts over the years, and how do you deal with that? Or is that still the issue or you have invested that money that was sitting around?

Ms. Quamina: We would invest in Treasury bills or short-term investments. It would not just be lying dormant in an account unless it was going to be used immediately. I do not know if—Feyaad you would like to add to that?

Mr. Khan: Yeah. Member, just to add, when the NIB develops its investment policy statement, we also look at the operational cash flows that are projected to occur in the future. So, we set in our policy a level of cash that would be adequate to meet our benefit expenditure. Especially now, given the shortfall between contributions and benefits. As it is now, we are within the range set in our policy for the level of cash that we hold.

Madam Chairman: May I enquire whether you have—I know that you reviewed your investment policy in 2017, has that received board approval?

Ms. Quamina: Yes, it has, Madam Chair.

Madam Chairman: And is it possible for us to see a copy of that?

Ms. Quamina: Yes, we would get it sent to you.

Madam Chairman: Thank you very much. That would help us considerably. Sen. Obika.

Mr. Obika: I just want—Dr. Henry you have another?

Dr. Henry: A follow up, yes.

Mr. Obika: Okay. My question is regarding the timing of cash flows raised by Dr. Henry. For instance, we have many persons who do not belong to the National Insurance System, what mechanisms are in place to get those persons on board to make it attractive for them? For example— and you can correct me if I am wrong—taxi-drivers, maxi-drivers, fisherfolk, you had the farmers before us with the Agricultural Society as well, but the farmers, they are marketed to an extent, they are captured, by and large, a lot of them. But, what measures are in place to capture those persons who earn significant income and who would probably be attracted to NIB?

Ms. Quamina: There are, I think, two aspects to your question. Employees are supposed to be members of the fund. Once you are an employee and fall within the definition of the Act you are entitled to be a member of the National Insurance System, and your employer should register you. The other category of persons would be the self-employed persons. That would be like the farmer, the taxi-driver, nuts vendor, attorneys, anybody like that, doctors who are self-employed. There was a high-level committee that was established in order to bring these people on board. It met up to 2015 and has submitted a report. We are asking at the moment, we are requesting that this high-level committee be reconvened, and steps be taken to update some of the figures, because they now need updating in view of the data that is on hand now, and then steps taken to implement, in order to bring self-employed people on board within the National Insurance Scheme.

Mrs. Persad-Poliah: And member just to add to what my Chairman has said. I want to assure the public that domestics and farmers are covered under the National Insurance System. I know that there may have been some doubts about that, but they are covered. In fact, the domestics have been covered since 2004, and the NIB recognizes that there are a group of persons who require further information, and meetings actually have been set up with both the domestic association and the farmers' association in April, to exchange information in that regard.

Mr. Obika: One follow-up regarding—we have a lot of foreign workers in Trinidad and Tobago who operate, a lot of them I assume, under the radar, and if they are under the radar they may not be able to be captured by the National Insurance System. Is there any proposal

that could incorporate foreign workers who may be here for a long period of time to the point where their contributions may result in benefits so that they can have an increase in the contributions to the fund?

Mrs. Persad-Poliah: Once you operate in Trinidad and Tobago, and you are in receipt of more than \$200 per week, you are allowed to be in the system. So, you are captured under the system. So whether you are a foreigner or a local, once you meet the preliminary requirements you are captured by the National Insurance System.

Mr. Obika: So, what I was really pointing towards is a more culture shift where NIB basically tries to push the Immigration Division to be more inclusive, and fast track the way they allow foreigners to get work permits. So that that would improve the ability for NIB to get increased revenue. It is very difficult to get a work permit as a foreigner in Trinidad and Tobago. It takes very long, if you come in on your own circumstances, and what you would be doing is depriving the NIB of funds, and depriving that person of the benefits to the fund. So I am more really saying, looking at pushing immigration as opposed to those who are available.

Mrs. Persad-Poliah: Inter-agency cooperation is what we are speaking about here, and actually that is one of our strategic initiatives under this period where we would engage in strategic partnerships, with not only the Immigration and Ministry of National Security, but people like the Ministry of Legal Affairs, Ministry of Housing, or any key stakeholder where we can have an exchange of information to ensure that the relevant persons are allowed in, and we have the information in which to make a decision.

Madam Chairman: Speaking on strategic relationships, we have the Ministry of Finance, Investments Division represented here, and what is obvious is that both groups of people are of the view that there are legislative lacuna governing their relationships. So, perhaps I could ask the Deputy PS from the Ministry of Finance, what legislative amendments do you think may improve your relationship with the NIB, or make it easier?

Ms. Lutchman: Madam Chair, I do not want to speak out of turn because we normally clear questions like these with our Treasury Solicitor. But in discussions with our Treasury Solicitor she indicated to us that definitely, the First Schedule gives the Minister of Finance the authority, or requires approval from the Minister of Finance for certain investments. At

the moment the NIB has indicated that, as they have stated, they want to expand part of that First Schedule, and that would give the NIB more autonomy to make investments, given the investment climate at the moment, and the fact they have on board their fund managers—if you will—but we were advised by the Treasury Solicitor that further discussions have to take place. Only this week we have had discussions with the NIB on the matter, and we have to come to some reasonable conclusions as to the way forward.

Madam Chairman: I was hoping for a more specific answer than that, quite frankly. What I want to ask both of you, essentially is, do you think that the Act can be improved so that the working relationship between the Investments Division of the Ministry of Finance and the NIB can be improved as a result? And if so, what would that require?

Ms. Quamina: Madam Chairman, if I may. The Act as it is now sets up a fairly good working relationship, so that the NIB maintains its contact with the Minister of Finance, Ministry of Finance at all times. There is a sort of governance structure as such where reports are submitted. We have to submit out audited financial statements, and we have a report that we have to submit. I think the system works fairly well. We have to cooperate with the Minister at all times. So, it is probably not in those sort of essential requirements of the Act that we are looking to amend. The governance framework we accept, and we have to liaise with the Minister on matters that are so important, because at the end of the day it would be the Ministry of Finance that would have to step up and fill any lacuna in the fund. So, there must be the cooperation. The amendments we are looking for would be issues that have now become redundant, or because the legislation was done in the 1970s it is just no longer relevant. Maybe to introduce more aspects that would allow for the use of IT and that sort of thing. But the relationship, I think, we can manage with it as it is, without any major adjustment to it.

Ms. Lutchman: And, Madam Chair, I would like to concur. We have had a good working relationship with the NIB, and they have been complying with all the requirements. They have been submitting their annual reports, their financial statements, their board minutes. Any information that we have requested they have complied. So, there is a good working relationship with them at the moment. Any changes that the fund requires, for example, changes to schedules and all of that, there is collaboration, and these are done.

Madam Chairman: Thank you. Dr Francis.

Dr. Francis: Thank you, Chair. I should have asked this an hour ago, but the Permanent Secretary's very good answer will make me recycle to it. I asked about the NIB's investment philosophy a while ago. I did not ask what informs the philosophy. Is it just statute? Is it opportunity? What ingredients go into determining what the NIB considers a good investment or a sound investment? I should have asked that a long time ago.

Mr. Rajkumar: Good morning.

Dr. Francis: I will add the context, because the Perm. Sec. talked about greater autonomy, so it raises the question. What ingredients inform the NIB's investment philosophy? Is it statute? Is it opportunity? Combinations of other things? What?

Ms. Quamina: Investments in the NIB are made, first of all, through—we have an investment committee. That is a creature of the Act itself. Our investment committee comprises members of the board, keeping in line with the tripartite relationship: Government, labour and business and it also includes three members from outside of National Insurance. Three independent persons also from labour, business, and Government. So, we have a fairly dynamic investment committee. In addition to the investment committee, and in line with our policy, investments over a certain amount will go to the full board and get the scrutiny of the full board. We also have the Investment Department that prepares the initial papers before they are ramped up. So, there is quite a lot of scrutiny that goes into any decision that we make before it is made. We also have our policy that is approved, first of all by the investment committee and by the board, and this would be reviewed by the Minister from time to time as well.

Dr. Francis: I would clarify a bit by example. For example, when I asked you earlier, what do you actually invest in? You said securities, bonds. I asked you land, you said, not land. Is that because the Act—

Ms. Quamina: Not land overseas.

Dr. Francis: Okay. Is that because the Act constrains you? Or is it the NIB's policy, it should not? That the kind of understanding I want to have. What are your parameters and what are they determined by?

Ms. Quamina: It would be within the policy that we have agreed and had approved. Our

internal policy.

Dr. Francis: So, it is based on who the board members are?

Mrs. Persad-Poliah: Just to add to what my Chairman is saying. We are a compliant organisation, member. We operate within the confines of the National Insurance Act in the First Schedule. The First Schedule clearly stipulates the type of investments, and where we can invest. In addition to that, we operate within—we have imposed on ourselves an investment policy statement which further categorizes our additional limits that we put onto ourselves to ensure that all our risks are properly managed. In addition to what the Chairman said, we have a very talented management team, the investment recommendations come to the investment committee, and then if they cross \$100 million they then go to the board.

Dr. Francis: So there are some checks and balances.

Mrs. Persad-Poliah: Certainly.

Dr. Francis: And an overarching policy. Thank you.

Mrs. Persad-Poliah: Yes.

Dr. Francis: Thank you.

Madam Chairman: I wanted to go back to this issue of partnerships and investments. What is the relationship with the NIB and HMB? Because I see the HMB has put out some sort of statement and they referred to collaboration with the NIBTT and the Ministry of Finance. What is that about?

Ms. Quamina: The Home Mortgage Bank is one of our subsidiaries. So it is an investment that the National Insurance Board has made.

11.40 a.m.

Ms. Quamina: What is happening there is that the Home Mortgage Bank and the TTMF, the Trinidad and Tobago Mortgage and Finance, are rationalizing their operations. Home Mortgage Bank was initially a secondary mortgage institution and TTMF doing originating mortgages. And they are both in the changing climate and with mortgages being very, it is a very demanding area in which to operate, they are rationalizing their operations, bringing them all together, seeing if they have synergies, making sure they do not compete against each other. So that is what is going now. We are looking inwardly at our subsidiaries and

making sure that they are operating in the best way possible.

Madam Chairman: So essentially you all have 100 per cent shareholding in HMB?

Ms. Quamina: That is correct, yes.

Madam Chairman: Ministry of Finance, what is your view with respect to this aspect of NIB's business? I have to use layman's terms because I am a layman and the people listening are laymen. So try to break it down for us, if you can.

Ms. Sookoo: Okay. So from what I understand, HMB being a wholly-owned subsidiary of NIB reports directly to NIB. NIB being a tripartite organisation has the responsibility and oversight over this company. So the Ministry relies on the oversight from the parent company, NIB.

Madam Chairman: My query is then, what is going to happen as is happening with other banks when people start defaulting?

Ms. Quamina: I am trying to understand the Chairman's line of questioning.

Madam Chairman: Well, what plan do you have to deal with this situation or is there a plan or is there a proposed plan to deal with the situation where people start defaulting on their mortgages? What is going to happen to that aspect of your investment?

Ms. Quamina: TTMF is a very well-run organisation. I have no doubt that they have a department set up which is ready to look into persons that have mortgages that might run into difficulty and I would think like most financial institutions you would try and work with those persons before it actually becomes an issue. So we are not overly concerned at this stage from the numbers we have seen with the actual issue of default. We think they have it in hand.

Madam Chairman: Is there—I do not know, I am just asking this one off the top of my head really. Is there a practice here where mortgages can be sold?

Ms. Quamina: It can happen, yes. It is not very widespread, but it does happen, mortgages can be sold, yes.

Ms. Lutchman: Madam Chair, if I may. TTMF is one of the companies that our Ministry of Finance, Investments Division has oversight for, because the Corporation Sole has 49 per cent investment in the TTMF and they do provide all the required reports and all of that for us to review. Additionally, we have seen that TTMF has been providing dividends, as well as

HMB to the NIB as part of their investment portfolio.

Ms. Quamina: Both companies, if I may, Madam Chairman, both companies are sort of viable investments that do provide a return to the National Insurance Board.

Mr. Rambharat: I just want to quickly raise four areas. Just to clarify. In your 2016 annual report, in the financials, there is a line under income, “employers in arrears”. I just wanted to know what that—what is “employers in arrears”?

Mrs. Persad-Poliah: Minister, that would be the figure that would have been determined based on audits conducted. So when an audit is conducted a figure is calculated with respect to a debt that is outstanding and it is a line item in our statements.

Mr. Rambharat: Right. So this is—it is like your receivables, right? It is equivalent of receivables?

Mr. Khan: Member, that is actual cash collected.

Mr. Rambharat: Employers in arrears?

Mr. Khan: You are looking at the, if you are looking at the income statement, that is actual cash that we would have received in respect of—

Mr. Rambharat: Previous years.

Mr. Khan: Previous years.

Mr. Rambharat: Right, okay. That is one. The second thing, to the Chair. You were talking about review of your subsidiaries and I just wanted you to share with us your views on NIPDEC.

Ms. Quamina: Well NIPDEC has been—was first conceptualized in the late 70s. It has been around for some time. So we are taking this opportunity, together with TTMF and HMB, all are main subsidiaries then, of going through a period of introspection. NIPDEC, in particular, we are making sure that it provides a proper return to the National Insurance Board and that it is properly run and managed. To this end, we have been going through a process of strengthening the governance and the relationship between the two institutions. We are ensuring that our executive management will sit on the board of NIPDEC. We are strengthening the reporting relationship between NIB and NIPDEC and we are also in the process of taking on board a consultant who will review the whole operations of the company to ensure that there is focus, that it is relevant and it is operating in the best way

possible. So it is a lot happening there and we are hoping that at the end of the day we would be able to ensure that we have a very viable subsidiary operations operating for the benefit of the national insurance.

Mr. Rambharat: I am very happy to hear that. I am back to the Ninth Actuarial Review. And I am going back to the information provided by the executive director because that actuarial review, it was based on—as at June 2013 and made some projections which we seem to be realizing. And that has to do with the use of investment income to pay benefits.

So the actuarial review cautioned that you would have an issue with asset growth from 2018 and if you continue to use investment income to fund benefits, then you would have a depletion of the fund by 2029. But that was 2013, so we are five years since. My question was in—and we are seeing that happening. So based on the figures you gave me, \$700 million, you moved from funding 13 per cent of your benefits through your investment income and then the year that followed you got up to 16 or 17 per cent. So we are seeing that you are using more of your investment income to fund benefits. And there has really been no fundamental change in the structure of your income and the amount of benefits that you pay, there is no significant change.

In fact, the projections on investment income in the Ninth Actuarial Review are not being fully realized. So what is the—all the projections are coming to pass. What is the fundamental change that is going to take place to reduce the reliance on investment income and to keep the fund healthy? That is, I am stuck at the fundamentals of national insurance, the fact that all the actuarial reviews, including the Ninth Actuarial Review, have made recommendation which are very critical to the long-term health of the fund.

I recognize that the way these funds work, you are really dealing with, you know, very long term. So sometimes we have to be tolerant of what happens in the short to medium-term, but I am still stuck at the fundamentals of this fund and what are the major structural changes are either being done or being contemplated to deal with the reliance on investment income to fund any fix.

Ms. Quamina: Madam Chair, I hope I am answering the question appropriately. What the actuarial reviews have provided us with is a package of initiatives, all of which, acting together, will help with the sustainability of the fund. But the environment in which we

operate is not stagnant at all and things are changing from day-to-day, the environment, the economy, the population of Trinidad and Tobago and the way it is made up.

So all those factors have to be consistently taken into account. So our investments and our policies and the retirement age and the amount we pay out are really going to— and that is what the actuarial reviews do provide is like a road map for us to help us, guide us along. So these things will vary as we move along and we have to keep, sort of playing each one in order to maintain a sort of equilibrium and ensure the sustainability of the fund. I do not know if that helps to answer the question. I do not think there is any black and white answer to it.

Mr. Rambharat: Well, Chairman, there is a lot of confidence that comes from your background. The fact that you understand these things very well. One thing I would say is that you know I like to deal with things that you could control and things you cannot and I think you have a problem with, a challenge with the quantum of the benefits. The payout is going to be around the same, increasing, because you would require major decisions to reduce the payout. It is just that—I think the Committee looks for confidence that what has been recommended, in the face of a tenth report coming shortly, what has been recommended is being implemented as a package to deal with the future.

Ms. Quamina: Well that is a, the Ninth Actuarial Review as it is now, that is our strategic objective this year. So we are working and we are working closely with the Ministry of Finance to ensure that that is implemented. So we are working on those things. So I can give you that certainty that we will work together to ensure that all the information that the public requires and the Ministry of Finances require is in their hands to enable these things to be implemented.

Mr. Rambharat: I just have one more question. I just want to go back to the— when we met in January, we had the ASTT before us. ASTT said that they made a submission to NIB in 2013 and they made the comment that the response was unsatisfactory. In fact, that is on the Parliament's website as part of our Committee's proceedings. Do you recall the submissions from, a submission or that submission from the ASTT, the Agricultural Society of Trinidad and Tobago?

Mrs. Persad-Poliah: No, member. I do not have that information. I do not have the details.

Mr. Rambharat: Thank you.

Madam Chairman: We have some questions from persons who are looking on and listening. So I will just sort of digress for a bit and see if you can answer these questions. One of the questions is, what services are currently offered at the Tobago Office, at the relocated Tobago Office?

Mr. Khan: Madam Chair, the Tobago Office is right now being—we are running an Internet connection. We are waiting on the Internet connection to become active so right now we are receiving claims and contributions manually. So there would be some slight delays, but we anticipate that this week we will have the Internet connection and full functionality should be restored by today.

Madam Chairman: So that would mean things like death benefits and so on, would be able to be paid out?

Mr. Khan: Death benefits are actually still paid within one day at the Tobago Office right now.

Madam Chairman: Okay. How do you deal with fraud or false claims, especially when you have death benefits, because sometimes you may have persons coming to claim on it and it turns out that that is not the person who is entitled to it. And I would imagine in an organisation such as yours there would be any number of avenues for fraud to take place. How is fraud dealt with within your organisation?

Mrs. Persad-Poliah: Madam Chair, those are matters that we are actually, are currently engaging the attention of the management team and the board. We do have in place a fraud framework and we do have in place a draft fraud policy. We recognize that there are persons who, as in any other institutions, will make an attempt to claim a benefit to which they are not legally entitled to. And as I said before, once that type of information comes to us we do investigate it. The information though that we have at the NIB in terms of fraud is that it is not rampant by any means. There are very few incidents of fraud that we have seen and that actually is because of the very robust policies and procedures that we have in place and all the controls and mitigating factors that we have to manage how we process a claim and how we actually pay out a benefit.

Madam Chairman: Thank you. One of the listeners or viewers wants to know if there are

financial requests on your fund and from whom do they come?

Mrs. Persad-Poliah: I am not sure I understand the question, Madam Chair.

Madam Chairman: Okay, well, I am simply asking it as it was written. So I do not know in what context it was written. But I do have one clarification. You described yourself with the NIS as a pay-as-you-go system. What does that mean?

Mr. Khan: Madam Chair, what that means is that the system was originally designed in such a way that the existing pool of workers would pay the benefits in respect of past workers. It was never conceptualized that this system would operate like a private pension plan where it becomes fully funded. It is a common theme of most social insurance throughout the world where current workers pay benefits in respect of previous workers. And that is the philosophy behind the pay-as-you-go system. And wherever we have a surplus—so where workers contribute in excess of what is required to pay benefits we use that to invest and build a pool, build a fund which is where we are today with \$26 billion, that fund.

Madam Chairman: This is what was a little interesting because if it is pay-as-you-go it means that you would not have a fund. So is there a financial term to describe this?

Mr. Khan: It is a—

Madam Chairman: I am just curious.

Mr. Khan: It is called a, the technical name is, “a partially funded pay-as-you-go system”.

Madam Chairman: A partially funded pay-as-you-go system. We learn a lot of new things. What I want to know is, you have spoken about implementation of the recommendations contained in the Ninth Actuarial Review. How would you gauge your success rate with respect to those recommendations, your implementation of those recommendations? How much have you managed to accomplish?

Mrs. Persad-Poliah: Madam Chair, the Ninth Actuarial Review made both short-term and long-term recommendations. The short-term recommendations in fact have been implemented. You would recall that in September of 2016 we moved the contribution rate from 12 per cent to 13.2 per cent and we also increased the maximum insurable earnings from 12,000 to 13,600. That in of itself has in fact extended the life of the fund. So we are now on to further recommendations or the long-term recommendations which would be further increases in the contribution rates, maintaining the minimum pension at 3,000 and,

of course, beginning the consultation and discussions with respect to retirement age.

I would say, Madam Chair, if I were to venture a guess on behalf of my Chairman, that we have been successful because the relationship that we share with the Ministry of Finance, the discussions have been very fruitful; the discussions have been very positive and we are confident that the reform measures that we have recommended will be considered positively by the Minister.

Madam Chairman: Well, do you have any, I know you do not have a draft report as yet, but do you have any preliminary results which you will see in the Tenth Actuarial Review?

Ms. Quamina: No, we would not have any such report, no; at this time, no.

Madam Chairman: Not report. I am asking about whether you have any—*[Interruption]*

Ms. Quamina: Numbers, figures.

Madam Chairman: Results.

Ms. Quamina: No.

Mr. Obika: Just one quick question, Chair, regarding the—we know how many employers are making contributions, but how many employees are making contributions to the fund. So that we can use that to juxtapose against the labour force which—

Mrs. Persad-Poliah: Our data suggests that as at June 30, 2017, there were 479,036 employees making contributions into the system.

Mr. Obika: Thank you.

Dr. Henry: One final question from me. What is the status of the revised investment report that was supposed to be done last year and waiting approval by the Board? Investment Policy Statement.

Ms. Quamina: It has been approved by the board.

Dr. Henry: Okay.

Ms. Quamina: And we have indicated to the Chairman that we would send a copy to the Committee.

Dr. Henry: Okay.

Madam Chairman: But I know this might sound, this is a bit of a bug bear with me. I am still concerned with this 35-year period. Just to bring it closer to what happened in other territories, what would be the financial impact if we were to say, use a period of 10 years

instead of 35? What would be the financial impact?

Mr. Khan: Madam Chair, and that is precisely the type of information that we want to get from the Tenth Actuarial Review. So we anticipate though that by shortening this time frame there must be some impact on the long-term cost of the system; to the contribution rates. And that is what we are accessing as part of the Tenth Actuarial Review.

Madam Chairman: Okay, I think we have learnt a lot from what you have told us here today and our report certainly will be improved and enhanced by the answers which you have given and we look forward to receipt of those documents and pieces of information which you have indicated you will provide. So I will ask, first of all Ms. Quamina, Chairman, whether you would like to make some closing comments. I know I cut you short when you were making your opening comments, but I invite you to make your closing comments.

Ms. Quamina: Madam Chairman and members of the Committee, I think in closing I just want to express our appreciation of being invited here. I think there is a lot of misinformation about the National Insurance Board and the way it operates and the fund and the status of the fund. And I think any opportunity we have to be able to explain to people how it operates and the fact that there is a good team at the National Insurance Board, very dedicated and very determined to ensure the sustainability of the fund as a whole. So the more we can explain that and answer questions and clarify issues, it will be to the benefit of all of us. So we thank you for the opportunity for being here.

Madam Chairman: Thank you. Deputy PS, may I invite you to make some closing comments.

Ms. Lutchman: Thank you, Madam Chair. My closing comments would just be to say that the Ministry of Finance will continue to partner with the NIB to bring about the changes that are required to ensure the sustainability of the fund and this will redound to the benefit of our future generations.

Madam Chairman: Thank you. I know that we have not heard from every single person in attendance, but I know all of you would have had an input into the information which was provided to the Committee. So we thank every person who attended here today and anyone who may have had an in-house input into the information which we have received.

I would also—I indicated that we have some time constraints because of the

parliamentary sitting this afternoon. So at this point I would like to thank the media, persons in the public gallery for attending and the viewing and listening audience. There being no other business, this meeting is adjourned.

12.06 p.m.: *Meeting adjourned.*

APPENDIX VI

Terms of Reference of Actuarial Consultant



TERMS OF REFERENCE Parliament of Trinidad and Tobago

Joint Select Committee on Finance and Legal Affairs

CALL FOR AN ACTUARIAL EXPERT

1. BACKGROUND

Parliamentary committees are an important part of the work of the Parliament. They investigate issues and Bills in detail to ensure that the Parliament is well-informed before making decisions of national significance.

The Joint Select Committee on Finance and Legal Affairs (“the Committee”) is an essential part of the oversight machinery of the Parliament of Trinidad and Tobago. Established in accordance with Section 66A of the Constitution and Standing Orders 101 and 91 of the House of Representatives and the Senate respectively, it is mandated to consider, from time to time, and report to the Parliament whenever necessary, on matters related to Ministries, departments and other bodies falling within its purview.

The specific areas of the Committee’s responsibility are Finance, Planning, Trade, Tobago Affairs, and Office of the Prime Minister, Office of the Attorney General, Justice and Legal Affairs.

2. INQUIRY INTO THE NATIONAL INSURANCE SYSTEM OF TRINIDAD AND TOBAGO

In September 2017 the Committee commenced an inquiry into certain aspects of the National Insurance System of Trinidad and Tobago (“the inquiry”). The Committee’s decision to examine this issue was propelled by the findings of the Ninth Actuarial Review of the National Insurance

System. The Committee took particular note of the finding that “...the NIS funds will be completely depleted in 2029-30 if nothing is modified in terms of contributions or benefits.”

The objectives of the inquiry are:

6. **To examine the recommendations of the Ninth Actuarial Review of the National Insurance Board of Trinidad and Tobago (NIBTT);**
7. **To examine the implementation of the actuarial recommendations of the Ninth Actuarial Review of the NIBTT;**
8. **To examine the investment policy of the NIBTT;**
9. **To examine the trends of income and the relationship of payment to benefits;**
10. **To examine plans to increase contribution rates and measures taken to reduce the cost of administering the scheme;**
11. **To make recommendations to improve the sustainability of the National Insurance System.**

3. OBJECTIVE OF CONSULTANCY

The objective of this consultancy will be to advise the Committee on the National Insurance System in Trinidad and Tobago and assist the Committee to achieve the objectives of the inquiry.

4. SCOPE OF SERVICES

The successful candidate will be required to work with the Committee in its deliberations on the inquiry. In particular, the expert will be required to:

- a) provide professional guidance on the formulation of questions and information extraction in relation to technical issues on the subject;
- b) provide expert advice and analysis based on the evidence provided to the Committee by various witnesses and stakeholders during the course of the inquiry;
- c) attend Committee meetings at the Office of the Parliament, when required; and
- d) review the draft report of the Committee on the inquiry for technical accuracy.

In the execution of the above-mentioned tasks, the consultant will be required to adhere to the rules of the Standing Orders of the Parliament in relation to confidentiality.

5. DELIVERABLES

The Actuarial Expert will submit the following:

- a) written and/or oral expert advice based on the subject matter assigned by the Committee; and
- b) expert advice either verbal or in writing on the assigned subject matter.

All reports are to be submitted in MSWord and in English, and presented in a format approved by the Clerk of the House or her representative.

6. CHARACTERISTICS OF THE CONSULTANCY

Type: Company
Location: Trinidad and Tobago and the consultant's home country.
Duration: a maximum of fifty (50) discontinuous hours, over a six month (6) month period. Any increase in the duration of services to be provided by the expert would be the subject of negotiations between the expert and the Clerk of the House.

7. QUALIFICATIONS AND EXPERIENCE

The consultant will have the following experience and capabilities:

- I. Fellowship by examination of a recognised international actuarial body or any other qualifications related to the field;
- II. A minimum of ten (10) to fifteen (15) years working experience in actuarial science or statistics or any other related analytical field;
- III. Prior work experience in the National Insurance System and/or other social security system;
- IV. Knowledge of the laws, regulations and practices on the National Insurance System in Trinidad and Tobago; and
- V. Excellent spoken, report writing and presentation skills in the English language, including demonstrable experience of working with governmental agencies and officials.

8. SUPERVISION

The consultant will report to the Clerk of the House of the Parliament of Trinidad and Tobago, or the designated representative.

9. PAYMENTS

- Invoice to be submitted for work completed every three months. Invoices should state the hours worked and the activities completed. Work completed will require the approval of the Clerk of the House prior to payment. Fees will be paid within 30 days of our invoice date.

10. DOCUMENTS TO BE SUBMITTED

- Curriculum Vitae including past experience in similar projects and at least two references;

- Copies of academic qualifications and other relevant certification; and
- Financial Proposal - expected hourly rate.

Interested parties should submit their proposals via email to procurementunit@tparliament.org and jscfla@tparliament.org.

or hard copy addressed to:

**Secretary to the Joint Select Committee on Finance and Legal Affairs
Office of the Parliament Level 3, Tower D,
The Port of Spain International Waterfront Centre 1A Wrightson Road
Port of Spain**

For further details please contact the Office of the Parliament at 1-868-624-7275 Ext. 2277
The deadline for the receipt of applications is Friday February 16th, 2018.

February 5, 2018