

Leave of Absence

Friday, April 23, 1993

HOUSE OF REPRESENTATIVES

Friday, April 23, 1993

The House met at 1.35 p.m.

PRAYERS

[MADAM SPEAKER *in the Chair*]

LEAVE OF ABSENCE

Madam Speaker: Hon. Members, I have granted leave of absence from today's sitting to the Member for Arima, the Member for Tabaquite and the member for Naparima.

PAPERS LAID

1. Report of the Auditor General on the accounts of the Students Revolving Loan Fund for the year ended December 31, 1982. [*The Minister of Local Government and Minister in the Ministry of Finance (Hon. K. Valley)*]
2. Report of the Auditor general on the accounts of the Students Revolving Loan Fund for the year ended December 31, 1983. [*Hon. K. Valley*]
3. Report of the Auditor General on the accounts of the Students Revolving Loan Fund for the year ended December 31, 1984. [*Hon. K. Valley*]
4. Report of the Auditor General on the accounts of the Students Revolving Loan Fund for the year ended December 31, 1985. [*Hon. K. Valley*]

Papers 1 to 4 to be referred to the Public Accounts Committee.

WRITTEN ANSWER TO QUESTION

Students Revolving Loan Fund

The following question stood on the Order Paper in the name of Dr. Carl Singh (Tabaquite):

133. Can the hon. Minister in the Office of the Prime Minister responsible for Public Administration state to this honourable House:

- (a) The total sum of money which was available at the inception of the Students Revolving Loan fund?
- (b) From what source was the fund made available?
- (c) To whom, i.e. names of students and areas of study and also sums which were made available to each student?

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- (d) The conditions under which these loans were granted?
- (e) What measures are in place to recover outstanding debts?
- (f) How many of these students completed their areas of indicated studies and are employed by the national community?

Mr. Maharaj: Madam Speaker, I move that this question be deferred for three weeks.

Madam Speaker: I can probably take this opportunity to advise Members that when they are applying for their leave of absence, they also include that the questions standing in their names be deferred.

Question, by leave, deferred.

ORAL ANSWERS TO QUESTIONS

The following questions stood on the Order Paper in the name of Mr. Subhas Panday (Naparima):

Sale of Natural Gas (NUCOR)

140. Could the Minister of Energy and Energy Industries state:

- (a) The price per cubic metre the National Gas Company will be selling natural gas to NUCOR, up and until it embarks upon commercial production of the product “steel carbide”?
- (b) The amount of natural gas the National Gas Company expects to supply to NUCOR during research and development of the product mentioned in paragraph (a)?
- (c) Will the “steel carbide” product developed be patented?
- (d) If the answer to (c) is in the affirmative, could the Minister state who will be the holder of such a patent?
- (e) What returns, if any, does the National Gas Company expect to receive from the proceeds of the sale of the “steel carbide” by NUCOR for the period of one year after it embarks on commercial production?

Unemployment Symposium

141. Would the Minister of Labour and Co-operatives state:

- (a) What was the cost of the symposium on unemployment held in April, 1992 at the Chaguaramas Convention Centre?

- (b) As a consequence of the said symposium, how many permanent jobs were created?
- (c) In what areas were these jobs created?

**San Fernando Magistrates' Court
(Uncomfortable Conditions)**

- 143.** (a) Is the Attorney General aware of the insanitary, congested and uncomfortable conditions under which attorneys, police, magistrates and public servants work at the San Fernando Magistrates' Court?
- (b) If the answer is in the affirmative, what steps are being taken to alleviate these problems?

Mr. Chandresh Sharma (Fyzabad): I would request that the above questions be deferred for one week.

Questions, by leave, deferred.

The following question stood on the Order Paper in the name of Miss Hulsie Bhaggan (Chaguanas):

**Civilian Conservation Corps
(Recruitment)**

- 180.** Would the Minister indicate the procedure and the criteria for recruitment of persons who will be or are involved in the Civilian Conservation Corps?

The Attorney General and Minister of Legal Affairs (Hon. Keith Sobion): Madam Speaker, on behalf of the Minister of National Security, I ask for a deferral of one week for the answer to this question.

Question, by leave, deferred.

**Frederick Settlement Health Centre
(Repairs)**

Miss Hulsie Bhaggan (Chaguanas) asked the Minister of Health:

- 182.** (a) Would the Minister indicate whether he is aware that the health centre in Frederick Settlement, Caroni, is in need of repairs?
- (b) If the answer is in the affirmative, would the Minister indicate whether this health centre is scheduled for improvement works and would the Minister provide details?

- (c) Would the Minister indicate whether he is aware that there is a serious shortage of medical supplies at this health centre?
- (d) If the answer to (c) is in the affirmative, would the Minister indicate whether his ministry has plans to rectify this situation?

The Minister of Health (Hon. John Eckstein): Madam Speaker, the Minister of Health is aware that the health centre at Frederick Settlement, Caroni, that is the Hughill Health Centre, is in need of repairs.

In answer to part (b), the Ministry of Health deeply regrets that because of financial constraints, it is unable to accommodate the refurbishing of this health centre in its 1993 development programme. The Minister of Works and Transport has, however, been approached to effect repairs to the ceiling in 1993.

With respect to (c), the Principal Medical Officer, Community Services, has advised that there is no shortage of medical supplies at the Hughill Health Centre.

In the light of the answer to (c), part (d) of the question does not apply.

WASA
(Worker/Customer Ratio)

184. Mr. Trevor Sudama (Oropouche) asked the Minister of Public Utilities:

Could the Minister state what is the current ratio of worker to customers at WASA and the basis on which this ratio has been arrived at?

The Minister of Public Utilities (Hon. Morris Marshall): Madam Speaker, the number of employees at the Water and Sewerage Authority is 4,196. The number of water connections is 190,620. The number of standpipe users, 74,049. The number of customers, 264,669. The ratio of employees to customers: For every 15.8 employees, there are 1,000 customers.

Customers are broadly classified as “domestic” and “non-domestic” users. Domestic users are further subdivided into those with house connections, and standpipe users. All standpipe users within a quarter mile radius of a standpipe are liable for water rates.

It is important to note that a distinction needs to be made between the above ratio of employees per 1,000 customers and the World Bank conditionality which refers to the ratio of employees per thousand connections. The ratio required by the World Bank is 21 employees for 1,000 connections. The latest figure from WASA puts this ratio at 22 employees for 1,000 connections.

The following question stood on the Order Paper in the name of Mr. T. Sudama (Oropouche):

**State Lands
(Unauthorized Occupancy)**

185. Could the Minister of Planning and Development state:

- (a) What is the present position with respect to the Government's undertaking to regularize unauthorized occupancy of state lands?
- (b) What is the basis on which the Inspector of State lands institutes legal proceedings against unauthorized occupants who have been in occupation for over ten years?
- (c) Whether the Inspector of State lands has a discretion as to those who will be prosecuted and those, in similar circumstances, who will not be prosecuted?

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, I move for a deferral of that question for a period of one week.

Question, by leave, deferred.

**Uriah Butler Highway
(Development Works)**

189. Miss Hulsie Bhaggan asked the Minister of Works and Transport:

- (a) Would the Minister indicate the nature of development works along the Uriah Butler Highway which remain incomplete during the dualling of the Uriah Butler Highway?
- (b) Would the Minister indicate the estimated costs of the various incomplete works?
- (c) Would the Minister indicate whether his ministry intends to complete these works?
- (d) If the answer is in the affirmative, would the Minister provide details of plans for completion?

The Minister of Works and Transport (Hon. Colm Imbert): Madam Speaker, the development works along the Uriah Butler Highway which have

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remained incomplete since the dualling of the Uriah Butler Highway involve the construction of frontage roads, pedestrian walkways and foot bridges which could not be undertaken during the construction period because of acquisition problems.

The total estimated cost of the incomplete works is \$12.1 million. The Ministry of Works and Transport intends to complete the outstanding works on the project as soon as the necessary funds are made available;

Funds are not available in 1993 to undertake any work, but a phased implementation schedule for undertaking the outstanding work with estimated cost is as follows:

- (1) complete surveys and begin design of frontage roads 41, 42 and 52. Estimated cost, \$100,000. Programmed for 1994.
- (2) continue the designs and commence construction of frontage road number 41. Estimated cost, \$1.5 million. Programmed completion, 1995.
- (3) designs and construction of frontage roads 42, 52, cost \$9 million. Estimated commencement date, 1997 and continuing.

It should be noted that this implementation schedule is subject to availability of funds.

The following questions stood on the Order Paper in the name of Mr. Krish P. Jurai (Nariva):

**Corn Production
(Ministry's Incentives)**

192. Would the Minister of Agriculture, Land and Marine Resources state:

- (a) What has been the success rate of his ministry's incentives to boost corn production in Trinidad and Tobago?
- (b) How much subsidy has been paid to date with respect to the production of corn in Trinidad and Tobago?

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): I ask for a deferral of this question for a further week, Madam Speaker.

Question, by leave, deferred.

WRITTEN ANSWERS TO QUESTIONS

The following question stood on the Order Paper in the name of Mr. Krish P. Jurai:

**Central Government
(Employment of Pensioners)**

194. Would the Prime Minister state the following:

- (a) The names of persons about retirement age or who are in receipt of pension and who are presently employed with the central government, the public service, state enterprises and state agencies in Trinidad and Tobago?
- (b) The position each person holds and the remuneration paid to each person?
- (c) The contractual period for which they hold office?
- (d) Would the Prime Minister also give reasons as to why each of these positions in question cannot be filled by persons who are under retirement age or by persons who are not in receipt of a pension?

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): I would seek to defer this question for a period of one week also, Madam Speaker.

Question, by leave, deferred.

**Unemployment Relief Programme
(Employment of Retirees)**

195. Mr. Krish P. Jurai (Nariva) asked the Minister of Works and Transport:

Would the Minister state the following:

- (a) The names of persons who are above retirement age or in receipt of pension and are presently employed with the Unemployment Relief Programme?
- (b) The position each such person holds and the remuneration paid to each person?
- (c) The contractual period for which they hold office?
- (d) Would the Minister also give reasons as to why each of these positions in question cannot be filled by persons who are under retirement age or by persons who are not in receipt of a pension?

The Minister of Works and Transport (Hon. Colm Imbert): Madam Speaker, out of a total of 75 supervisory and administrative staff in the Unemployment Relief Programme, five persons are either in receipt of pension or over the retirement age. The individuals are employed on a month-to-month basis, in positions ranging from project co-ordinator to regional supervisor. These persons have been employed because of their particular experience and qualifications.

It is considered inappropriate to give in this honourable House the names of persons employed in these categories.

**Retired Local Government Workers
(Severance Payments)**

199. Mr. Mohammed Haniff (*Princes Town*) asked the Minister of Local Government and Minister in the Ministry of Finance:

Would the Minister state:

- (a) How many retired daily-paid workers are presently awaiting severance payments in the respective local government bodies?
- (b) The dates when these workers retired?
- (c) Why these workers have not received their severance pay to date?
- (d) When will these workers receive their outstanding payments?

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, there are 171 retired daily-paid workers from the local government bodies awaiting payment of retirement benefits.

The dates of retirement of these workers span the period 1982 to 1983. I should like to inform the House that there are merely 11 of those workers before 1990—11 of the 171.

The reason for delay in payment of benefits includes non-submission of the required documents, either original birth certificate or proof of citizenship; secondly, the delay in obtaining statements of indebtedness from the Inland Revenue Division; thirdly, awaiting approval from the Comptroller of Accounts; and fourthly, the non-receipt of funds for payment.

I want to assure this honourable House, Madam Speaker, that the Ministry of Local Government is making every effort to ensure that this backlog is dealt with as soon as possible.

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**Ministry of Works, Victoria East Division
(Vehicles)**

The following questions stood on the Order Paper in the name of Mr. Mohammed Haniff (Princes Town):

200. Would the Minister of Works and Transport state:

- (a) How many vehicle are attached to the Ministry of Works, Victoria East Division?
- (b) How many of these vehicles passed inspection for the years 1992 and 1993?
- (c) How many of these vehicles were licensed for the years 1992 and 1993?
- (d) Will the Minister provide similar information concerning each of the other divisions of the Ministry/Works?

**Guaracara/Tabaquite Road
(Repairs)**

201. Would the Minister Works and Transport state:

- (a) What steps are being taken to repair the Guaracara/Tabaquite Road, the area in front of the Williamsville Junior Secondary School where the roadway was dug up as a result of a change of water lines by WASA approximately one year ago?
- (b) When would the Lothian's Road in Princes Town which was dug up by WASA approximately two and one half years ago be repaired?

The Minister of Works and Transport (Hon. Colm Imbert): Madam Speaker, I have spoken to the Member for Princes Town who is not averse to my craving the deferral of the House for a period of one week of questions 200 and 201.

Questions, by leave, deferred.

ORDER OF BUSINESS

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, as it is Private Member's Day

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I ask leave of the House to take Motion No. 12 on the Order Paper and also "Bills Second Reading" on page 16 before the Private Member's Motion.

Assent indicated.

RAMESH LAWRENCE MAHARAJ FOUNDATION (INC'N) BILL

Adoption

Mr. Desmond Allum (Port of Spain North/St. Ann's West): Madam Speaker, I beg to move that this House adopt the report of the Special Select Committee of the House of Representatives appointed to consider and report on a private Bill for the Incorporation of the Ramesh Lawrence Maharaj Foundation and for matters incidental thereto.

Seconded by Mr. H. Bereaux.

Question put.

The House divided: Ayes 16, Noes 9

AYES

Valley, Hon. K.

Sobion, Hon. K.

Ramrekersingh, Hon. A.

Eckstein, Hon. J.

Marshall, Hon. M.

Maraj, Hon. R.

Collis, Hon. C.

Imbert, Hon. C.

Lasse, Dr. The Hon. V.

Pierre, Hon. J.

Casimire, Hon. A.

Narine, J.

Hart, E.

Allum, D.

Bereaux, H.

Rajaram, C.

NOES

Panday, B.

Humphrey, J.

Sudama, T.

Palackdharrysingh, R.

Bhaggan, Miss H.

Mohammed, S.

Jurai, K.

Sharma, C.

Haniff, M.

*Mr. R. L. Maharaj abstained.**Question agreed to.**Report adopted.***ST. JOSEPH'S CONVENT PORT OF SPAIN
PAST PUPILS ASSOCIATION (AMDT.) (INC'N) BILL**

Question put and agreed to, That a Bill to provide for the amendment of the St. Joseph's Convent (Inc'n) Act, be now read a second time.

Bill accordingly read a second time.

Bill referred to a special select committee of the House chosen by the Speaker as follows:

- Mr. Andrew Casimire (Chairman)
- Mr. Hedwige Bereaux
- Mr. Cyril Rajaram
- Mr. Mohammed Haniff

DIVESTMENT POLICY

[FOURTH DAY]

Order read for resuming adjourned debate on question [September 25, 1992]:

Whereas the People's National Movement in its 1991 manifesto informed the nation that if elected to form the Government it would pursue, within the context of its Investment Policy, a programme of divestment of Government's shareholding in companies; and

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Whereas having formed the Government there was established an Investment Division within the Ministry of Finance with the specific mandate of ensuring the development and implementation of the Government's Investment and Divestment Policy; and

Whereas 'divestment' as defined by the Government is fundamentally more than privatization, in that this Government's concept of 'divestment' is the reduction of Government's shareholdings by disposal to private persons/entities in a manner that facilitates the widest possible participation of the citizenry in share ownership to the extent that this is part of a programme of the national development; and

Whereas the strategy of treating with divestment within the context of the Government's Investment Policy is, *inter alia*, with the objective of ensuring to the extent possible, the utilization of the proceeds from divesting for re-investment purposes and the reduction of the public debt:

Be it resolved that this honourable House take note of and commend Government on its approach to the development and implementation of its Divestment Policy which includes the re-investment of the proceeds and the consequent reduction in the public debt from such divestment for the national good. [Mr. H. Béraux]

Question again proposed.

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, I am extremely pleased to join this debate at this time. This Motion has now been going for a number of months.

Mr. Maharaj: I think there is an error. The Member for Diego Martin Central spoke already, on Friday, September 25, 1992. I have a copy.

Madam Speaker: All right. Let us correct it from the records of the Clerk. The Members who spoke on this Motion are as follows: Friday, September 25, Member for La Brea, Member for St. Augustine, Member for Diego Martin East and the Member for Diego Martin Central.

Hon. K. Valley: I would ask you to check the records, Madam Speaker. I have never spoken on this Motion.

Mr. B. Panday: It is true that what the Minister said had no content, but he did speak.

Hon. K. Valley: I am sorry. I am guided, but it has been going on for such a long time. But please check it.

Madam Speaker: We will have it checked. Maybe for the benefit of this honourable House, so that we will not have Members' Alzheimer setting in. On September 25, we heard from the Members for La Brea, St. Augustine, Diego Martin East, Diego Martin Central; October 23, Oropouche, Chaguanas, San Fernando West; January 22, Toco/Manzanilla, Tobago East, Diego Martin West, and Couva South.

So, subject to correction then, I call the Member for Caroni Central.

2.05 p.m.

Mr. Sudama: I do not recall having spoken myself.

Madam Speaker: Member for Caroni Central.

Mr. Mohammed: Things have changed.

Mr. Raymond Palackdharrysingh (Caroni Central): Madam Speaker, I could understand why the PNM are becoming a victim of their own strategy. I wonder what was in the head of the hon. Member for La Brea when he decided to put a Motion such as this for debate in this honourable House? One only has to look around in the society today and see that there is absolutely nothing to commend this PNM Government about. And so when the Member for La Brea indicates that a Motion of this nature must be debated, this is merely a strategy to obstruct the Opposition from using time on Private Member's Day in a valuable way.

Mr. Breaux: Madam Speaker, on a point of order. The Member for Caroni Central is imputing improper motives to the Member for La Brea.

Mr. Mohammed: That is not improper motives.

Mr. Sudama: That is political expediency.

Mr. Humphrey: Filibustering.

Mr. Mohammed: That is a political strategy.

Madam Speaker: Continue please.

Mr. R. Palackdharrysingh: Madam Speaker, I continue:

"Whereas the People's National Movement in the 1991 manifesto informed the nation that if elected to form the Government it would pursue, within the

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context of its Investment Policy, a programme of divestment of Government's shareholding in companies; ..."

One recalls Madam Speaker, that the United National Congress had taken a stand on the matter of divestment and we made our position clear in a statement delivered by the Member for St. Augustine (Mr. John Humphrey) who was then acting Leader of the Opposition.

I want to read this position into the record of Parliament, because it is an important statement to the nation. I quote from this statement made at a press conference held on Thursday, October 22, 1992 at the office of the Leader of the Opposition:

"Last night all the Members of the Opposition United National Congress walked out of Parliament in disgust, when three Bills to amend the Petroleum Taxation were moved to Committee stage. We voted against the Bills.

Prior to our walk out I sought clarification from Mr. Kenneth Valley on the section of the PNM Elections Manifesto that deals with State Enterprises and the PNM's Policy on divestment. I was stunned to discover that what is stated is not what the Government intends. Mr. Valley, who claimed credit for writing that section of the Manifesto, said that a critical paragraph was misprinted and that the concluding paragraph was not applicable.

The section read as follows:-

1. State Enterprises

While the State will essentially be a facilitator for economic activity, participation in the commercial sector will continue at appropriate levels where:

- the industry or enterprise is of strategic importance, e.g. oil and gas, and telecommunications and those cases in which the enterprise provides a major social service, e.g. T&TEC, WASA, and PTSC.
- the industry or enterprise is essential to the economic diversification drive and the private sector is unable to channel financial resources into such investments, e.g. downstream petrochemical plants from urea, methanol or natural gas.
- a foreign investor is interested in a major project but wishes to minimize country risks by including the State as a partner.

- Government shareholding in the above companies will be reduced over time through a programme of divestment.

An orderly programme will be implemented to divest Government shareholding in companies which do not fall into any of the classes mentioned above'

The PNM won the elections on the basis of support for their stated policies and promised programmes.

The UNC endorses the PNM's manifesto state enterprise policy as written, with the added dimension of a tri-sector partnership in the divestment process. Mr. Valley has indicated that the paragraph that reads—

"Government shareholding in the above companies will be reduced over time through a programme of divestment"

does not relate to the preceding paragraph, but is the concluding paragraph of that section.

He further indicated that the Government intends to sell 49 per cent of all those state enterprises listed, that is, the enterprises in the petroleum sector, natural gas, energy-intensive industries and utilities.

The UNC, for some time now, has suspected that because of the removal of the negative list and the haste to satisfy the World Bank in implementing the trade liberalizing conditionalities, the country has been pushed into a foreign exchange crisis more severe than any we have previously faced and that the Government has reneged on its manifesto position and has totally capitulated to the demands of the IMF, the World Bank and the Inter-American Development Bank because of this crisis.

The NAR was totally rejected by the electorate for pursuing the same policies.

The UNC is calling for new general elections to enable the electorate to decide if it wants this about-face.

Our party is totally opposed to selling out the commanding heights of the economy which were acquired on behalf of all the people of Trinidad and Tobago through bitter struggle.

We reject the World Bank's Structural Adjustment Programme and are confident that an alternative strategy of mobilization and development is available to Trinidad and Tobago.

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We recognize the critical part that foreign exchange plays in the economic life of the country and it is lunacy for the state to sell off the industries that earn the bulk of the foreign exchange. We see this as a case where the cure is worse than the illness.

Instead of dismantling the negative list and opening the economy for unbridled imports, we see a need for managing and conserving our foreign exchange for strategic investment. Only the state is poised to achieve this.

We are opposed to selling 49 per cent of TRINTOC, TRINTOPEC and the Pt. Lisas energy-intensive industries in order to meet our nation's foreign debt obligations. This is like selling your house to pay for groceries, and is a betrayal of the Independence Movement.

To betray the people's mandate is to do mock democracy.

The UNC calls on all responsible citizens, supporters of the PNM, the business community, the Trade Unions, the Religious Organizations, the Non-Government Organizations, everyone, to close ranks, to resist the sell out of our nation's patrimony and to call for new elections."

2.15 p.m.

Madam Speaker, I wonder what the hon. Member for La Brea really had in mind when he put pen to paper on a motion such as this. The motion reads:

"Whereas having formed the Government, there was established an Investment Division within the Ministry of Finance with the specific mandate of ensuring development and implementation of the Government's Investment and Divestment Policy..."

This is merely a mechanism, under the guise of legitimacy, to appoint persons who will have no obligation whatsoever to explain their actions as they set the groundwork for selling out the nation's patrimony. I think the Government is fully aware that the accounting mechanisms in this Parliament are partially non-existent, and to set up an organization like this, is to really exploit the limitations of parliamentary accountability. When you have such a committee set up and this committee merely reports to the Cabinet, there is nothing whatsoever that this Parliament could do to ask for the facts and for the considerations on which their decisions were based. In that respect, one would say that the Cabinet has been exercising wantonly, the power of Cabinet dictatorship with no accountability to the Parliament nor to the people.

The third section of this motion attempts to pull wool over the people's eyes by trying to fine-tune a distinction between divestment and privatization. In truth and in fact, one must recognize that not only in Trinidad and Tobago, but wherever divestment and privatization have been attempted, the concepts have been used interchangeably, because there is hardly any area to make a distinction between divestment and privatization.

The attempt here is really one of semantics, and the reality, as our experience shows, is that divestment has been more prone—if we accept what is stated here—to be the giving away of the state resources.

I want to say of the Motion that there is nothing to commend it. What were the objectives of the divestment policy? Was it to secure greater efficiency in the operation of the state enterprises? Was it to reduce the drain on Government's fiscal resources? Or was it to optimize the use of Government's management resources and to secure access to foreign markets, technologies and capital, and to widen the base of ownership and direct equity participation in the economy?

These objectives have never been stated. It has been pointed out already that in the 1960s and the 1970s there was a bitter struggle in this country to bring the commanding heights of the economy under the control of the people of this country. Today there is a complete turnaround in that policy. Why? Is it saying that when you have foreign participation, the industries are going to be managed efficiently and are going to make profits, and that when our locals run these industries, they run at a loss? If that is the case, it would mean to say that over the years the PNM had placed too many square pegs in round holes, and what they planted then, apparently, seemed to have backfired. At one time you fought desperately for a say in your country's assets, and at another time you are selling it all away willy-nilly to pay debts.

One can see that in a general sense there was complete mismanagement. Are we saying today that if we have foreign participation, all the flaws of the past would be eliminated? Is there a challenge to ourselves to indicate that unless we are prepared to take what we have and make it work for us we can get nowhere? I do not know. It would seem that the Government is concerned about privatizing everything and then asking the nation to commend them about it, when in the final analysis, one sees chaos in the society and one wonders how long from now we are going to go over the precipice.

I wonder if foreign participation would be able to complement national savings and help the state enterprises to be more competitive on the world market;

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if the foreign investors can supply badly needed foreign exchange to our country for us to assist in the debt repayment, and, of course, if we would have the benefit of technology that is modern and appropriate to our situation.

2.25 p.m.

Madam Speaker, we have seen what has been done elsewhere. We have seen, at the same time, that there are some societies where, in the urge for what is called "economic growth", they have totally lost the ability to comprehend the social chaos that would follow. That is the situation. It is a sad state of affairs in this nation when, today, we have to take the patrimony of this country and sell it abroad in order to survive.

On page 2 of the *Express* of Thursday, March 25, 1993, "Gov't to sell Fertrin, Urea Co for US \$175 million". The article states:

"Valley said the sale was the largest divestment to take place in the Caribbean region, adding that the decision was in keeping with government's position to divest its interest in non-strategic enterprises and provide funds for external debt servicing."

Madam Speaker, imagine that the largest divestment to take place in the Caribbean, and it was carried out as though it was the property of some person—the Member for Diego Martin Central. It is time that details of transactions like these were debated in this Parliament.

Mr. Valley: Madam Speaker, for the information of Members—I am sure he knows—a full report was laid in this House, and if he wants a debate all he has to do is have a Private Member's Motion. We may even give it priority.

Mr. R. Palackdharrysingh: Madam Speaker, apart from his statement, the Member knows very well that there is no transparency in what happens. What I am saying, simply, is that in matters such as these it is very important not to have the scrutiny of the public and, of course, the Parliament. The Government has a responsibility to initiate these measures.

Mr. Valley: Madam Speaker, I want to inform the House that in respect of divestment, as followed by the Government, there is 100 per cent transparency. That is why we took steps to lay a full report in the House, so that Members, if they wish, may ask any questions they so desire.

Mr. R. Palackdharrysingh: Madam Speaker, a report would tell of the position that has been taken. The report will not tell of the processes and options available and why decisions were made in a particular way. This is the situation.

When one looks at page 1 of the *Sunday Guardian* of April 18, 1993, it states:

"National Flower Mills, one of Government's most profitable state enterprises, is to be divested and made open to local private sector ownership."

Will the Minister state whether the policy of the Government is open, that, whether a state enterprise is profitable or not, it has to be divested? Will the Minister tell the House that? If that is the case, are we to assume that in a short time all state enterprises in which the state has significant participation, will be divested?

The article continues:

"Valley was responding to a questioner who pointed to the negative signals and loss of confidence being sent with the total divestment of two state enterprises, FERTRIN and TT Urea Company, into the hands of foreign ownership."

"The Minister, who has responsibility for Government's divestment plan, said one of the major objectives of the programme was the widening of share ownership in the society."

Madam Speaker, the Government is privatizing to foreign companies and at the same time, it has as the idea of the widening of share ownership in the society. Will this Government tell us how many people in Trinidad and Tobago have been participating in whatever it is offering for divestment?

The article goes on:

"The programme, he said, would deepen and widen the domestic capital market, while improving the country's fiscal and balance of payments position and increase the inflow of foreign investment.

NFM, which has assets in excess of \$216 million, had a surplus on operations of over \$55 million in 1991 and employs approximately 400 people.

It is one of the most consistently profitable state enterprises and one of the most profitable companies outside the energy sector."

One would have imagined that a Government would keep an industry that was profitable; not sell it. Why? It simply goes to show that in any privatization or divestment, those who are going to get involved would need a comprehensive understanding of the economic activities of that institution. Where they recognize

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that the business would be bad, then it would only be foolish for them to commit themselves. As the Minister would indicate, foreign capital is in search of profits; that would mean that profits are going to be sought in any venture that could be viable, and those that cannot be viable would not attract foreign capital.

Madam Speaker, the article goes on to say:

"Valley said market value has been accepted as the best possible valuation for the state assets to be divested. He said international valuers have assessed the value of the Trinidad and Tobago Methanol Company which is to be upgraded, as between US \$160 to \$200 million, taking into consideration potential cash flow, discount rates and other relevant factors affecting the plant's value."

Are we to assume that this is merely a tentative position? Or is it that there has been a measure of finality in all of this? Get up and explain to the country; the country needs to know. It is the country's assets you are dealing with. Therefore, the Government must explain.

The article goes on:

"The Minister informed the large gathering present at the panel discussion that a TT \$16 million valuation was made on the Trinidad and Tobago Printing and Packaging Company, but Government was willing to dispose of the 'unwanted' firm for \$12 million. The company has since been sold."

2.35 p.m.

I suspect that it was matters like these that the Minister wanted to clarify when he got up to speak. In this tidal wave of divestment and privatization, what would happen to our nationals who are employed there? Secondly, what assurances do the people of Trinidad and Tobago have with respect to the benefits that would accrue, if any at all, from selling, and that these benefits would redound to their future? In other words, what would happen to revenues realized from the sale of these assets, apart from the stated objective of repaying profits on the national debt? Will there be the creation of anything permanent with respect to future employment? Madam Speaker, I want you to understand what is happening. They are so confused on that side.

On Wednesday April 29, 1993, page 11 states:

"Mottley: Private sector is now the engine of growth"

I am wondering which private sector he was talking about.

The *Guardian* of Saturday January 9, 1993 page 1 stated:

"Heavy job loss from trade liberalization.

The TTMA study sees overall negative impact."

I quote:

"An estimated 14,000 jobs in the manufacturing sector will be lost as a result of trade liberalization, says a study commissioned by the Trinidad and Tobago Manufacturing Association."

On the one hand, the private sector is to be the engine of growth, and on the other hand the, private sector is saying that there is going to be a tremendous negative impact of some of the policies of the Government. Therefore, what is becoming of the people of Trinidad and Tobago?

I continue:

"This estimated job loss, representing 30 per cent of the 1991's manufacturing sector employment, is part of the overall negative impact which according to the survey, trade liberalization is likely to have on the sector by 1995—1997.

The related loss in salaries is estimated at some \$260 million, while \$434 million worth of exports is expected to be affected. The study also points to a negative impact on \$470 million worth of commercial bank loans, the collection of \$120 million in indirect taxes and \$472 million in accumulated investment between 1981—1989."

The *Express* of February 16, 1993 stated:

"Retrenchments are on

Government said yesterday it had advised the National Trade Union Centre (NATUC) and the Public Services Association 'it could neither postpone the rationalization of the public utilities or assume the role of bargaining unit for public service industrial matters.' "

As you know, Madam Speaker, the programme of retrenchment is on. But, again, the inconsistencies of the PNM continue to show. In the *Trinidad Guardian* there is an article where Mr. Manning states that there are jobs for 8,000 with cash from sale of state firms.

The *Express* of Saturday April, 3, 1993 on page 1 states:

"In Parliament.

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PM's statements erroneous

Divestment \$\$ not being used to fund URP."

Then on page 4 it states:

"My mistake, says PM"

The population outside there is not interested in this kind of forked tongue position.

Again on April 18, 1993 the *Sunday Express* states:

"Prime Minister fooling us about jobs."

This is a letter to the Editor by Hayden Skellington from Diego Martin which states:

"Joke is joke but this is taking a joke further than even the devil would.

How else could one describe the blatant lie told the people of this country by the Prime Minister when he hurriedly admitted in Parliament that he made an error when he told the full assembly of the Trinidad and Tobago Chamber of Industry and Commerce that part proceeds of the \$175 million sell out of the Fertrin and Urea plants were going to be allocated to provide 7,000 to 8,000 jobs under the URP (Unemployment Relief Programme). "

Madam Speaker, the people are not stupid. They want to know. As Prime Minister, he could not make a statement like that, because his statements have to be carefully planned.

The statement continues:

"There is no way that the Prime Minister could convince the right-thinking and caring citizens of the country that this was not a deliberate attempt to deceive the citizens.

The reasons are straightforward:

The Prime Minister's address to the Chamber of Commerce at its annual general meeting was a prepared speech. The Prime Minister must therefore have had full and complete knowledge of what he was saying. You do not go before an influential and competent institution like the Chamber of Commerce and make statements unless they have been carefully and scrupulously studied. To fail to do so is to make yourself fraudulent.

No statement of the kind should have been made unless it was approved by the Cabinet upon the recommendation of the Ministry of Finance in regard to the disbursement of Government funds, unless of course the Prime Minister is authorized to allocate funds in spite of the Ministry of Finance.

How come the Prime Minister jumped to his feet so hurriedly to short-circuit the response by Ken Valley to the question posed by Ramesh Lawrence Maharaj? Was he attempting to shield Minister Valley from making a statement which could have embarrassed him and the Government even further?

Why is it that the reactions of the Minister of Finance and that of the Prime Minister were so different in respect of how such important and large sums of taxpayers' money were to be disposed of?

Would the Prime Minister ever have stated to the nation that he had made an error if he had not been embarrassed into doing so by Ramesh Maharaj? In other words, would the Prime Minister have done the decent and statesmanlike thing and voluntarily made the correction if only to put the record straight and to level with the people?

2.45 p.m.

The answers to these questions point to one single conclusion: The Prime Minister obviously attempted to deceive the unemployed, poor and deprived people of this country into believing that the money was found to provide the 7,000 to 8,000 jobs which his Government claimed were going to be made available under URP.

How an elected Prime Minister can play such raw politics with the emotions of the poor, unemployed, people of this country and still continue to hold on to office defies the imagination.

Can the people of the country trust or have confidence in statements made by the Prime Minister and his Cabinet colleagues when, on such sensitive issues as unemployment, the bread and butter of lost souls, the Prime Minister openly and unashamedly tries to hoodwink us? The deception is too much to bear.

I bow my head in shame. It is the lowest level to which a leader can sink. God help us. The Prime Minister must resign."

Madam Speaker: Are you adopting those views? This is a debate and maybe, we can understand how—

Mr. R. Palackdharrysingh: Madam Speaker, I indicated that I was quoting from it. It is the *Sunday Express* dated April 18, 1993, and the writer is Hadyn Skellington. In the final analysis I agree.

Madam Speaker: Let me remind the hon. Member, that a Member may read extracts from documents, newspapers et cetera, but such extracts and quotations should be reasonably short. If you are crystallizing the substance of what you are saying, all well and good, but reading that entire newspaper before the House, I do not know how relevant it really is.

Mr. R. Palackdharrysingh: Madam Speaker, I think the point was well made by the writer and that is why I indulged. The writer used language that—

Madam Speaker: Of course, the hon. Member knows the purpose of the rule, as *May's* says, it is to maintain the cut and thrust of debate. This is what I am just trying to bring to the attention of the Member.

Mr. R. Palackdharrysingh: Madam Speaker, you know me. I am always willing to take good advice.

I do not want to continue longer today, but in the final analysis, this Government has followed the policies of the International Monetary Fund lock, stock and barrel, without any consideration of some of the local conditions. Because of this, today we are reaping some of the rewards of the folly of the Government. I do not like to predict doom for this country, but we are seeing that whatever is happening is not redounding to the benefit of the people, and already there are signs of social upheaval.

I trust that the Government, in their wisdom, would begin to rethink their position; to consult the national community and others, not consultation just to state, but in which a meaningful input would be made. Today, our success will depend upon productivity, and if we cannot produce, or we are producing less than we consume, then we would be further complicating our problems. If we cannot produce what we need in the society, no amount of privatization, borrowing or playing politics will help us to get away from unemployment, a dilapidated education system and a wicked health system.

I trust that the Government will tell us why they are not relaying or opening up to the nation, explaining fully what they are about. As a matter of fact, in the years gone by, it was very obvious that net outflows of profits by foreign investors were more than even their investments themselves. I am wondering whether or not we have reached back to the time when we would be fully exploited to the extent that we are merely what you call, a clearing house in

Trinidad and Tobago, for the sharks in the international community to take the cream of this society away. There must be some method by which our people can retain a level of the nation's resources that would be in keeping with their own survival and dignity.

Finally, I say that there is nothing in this Motion, divestment policy, to commend. As a matter of fact, the Government have given the Opposition a wonderful opportunity to expose them in this motion for all their inconsistencies and policies which do not favour the masses of this country.

Thank you very much.

Mr. Maharaj: Madam Speaker, we relied on the official record of the House, which you also relied on, but it seems as though the hon. Member for Diego Martin Central does have a good memory of whenever he speaks, and he made a dollar profit.

Madam Speaker: The Member may now continue with his contribution.

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, and I also got myself a dollar in the process, for which I am most grateful, given what has happened with my salary lately.

I am really extremely pleased to be given an opportunity to join in this debate at this time, because consistent with Government's commitment to accountability on all issues of national importance, I take this opportunity to inform the House on the current status of Government's investment in state enterprises.

I have noted that the Member for Caroni Central ended by making the point that the Motion provided the Opposition with a splendid opportunity to criticize the Government on its programme. I do not know why they did not grab the opportunity, because as I understand it, he is supposed to be their last speaker. Of course, I think over the seven months from September to April that this debate has been going on, just once a month, the Opposition has not really attacked the Government's policy.

As a matter of fact, he stated that the Opposition agrees with their manifesto's position on state enterprises. I hope that by the time I am finished, today, Members would see quite clearly that all Government is doing is following that policy as outlined in the manifesto.

Mr. Palackdharrysingh: Madam Speaker, on a point of order. The hon. Member is misleading the House. I said the Opposition agreed with the PNM's manifesto's position, along with the addition of the trisector partnership. That was stated in total in the notes that I read out.

Mr. Humphrey: That is the manifesto as is written, not rewritten.

Hon. K. Valley: The manifesto's position, plus the trisector approach. In the main, they agree with Government's position on state enterprises.

2.55 p.m.

I also hope that by the time I am finished with my contribution, Members would see that Government's divestment is not simply cash directed. In other words, we are not divesting simply to get funds to pay the national debt. I hope, also, that Members will agree by that time that, in fact, we are not simply selling the pearl, that they would agree that there is a distinction between government divesting 14 companies and Government divesting its minority interests in 14 private sector companies.

You see, Government speaks of divesting its minority interests, in some cases as low as three per cent as in Neal & Massy, in private sector companies, interests in Maritime Life, interests in Angostura and so on. But you see the headlines: "Government to divest 14 companies", which is quite different from the divestment of minority interests in 14 companies.

I hope, also, that before I am finished, Members would agree, that, really, it does not matter whether a company is profitable or not, the real determinant is whether the company fits into Government's overall investment strategy, of which divestment forms a part.

The motion speaks of, and I will read just the first part:

"Whereas the People's National Movement in its 1991 manifesto informed the Nation that if elected to form the Government it would pursue, within the context of its Investment Policy, a programme of divestment of Government's shareholding in companies; and

Whereas having formed the Government, there was established an Investment Division within the Ministry of Finance with the specific mandate of ensuring development and implementation of the Government's Investment and Divestment Policy ..."

I would stop there for the time being because I think, first of all, it is important to understand that divestment does not stand alone. Divestment is part of an overall

investment policy of the Government and Members would know that Government's position on investment is that the state ought to be mainly a facilitator in the commercial sector. Setting the place up for the private sector is for the wolves, as they say. That philosophy is outlined quite clearly in the *Medium Term Policy Framework 1993—1995*.

It says, also, that the state will not totally exclude itself from the commercial sector, but rather that such involvement will continue only in special and limited circumstances. In other words, the state will continue to be an investor, but in certain special and limited conditions.

Madam Speaker, that is where we make the distinction between a divestment policy which forms part of an overall investment policy and the concept of privatization. Which, ideologically, says that the state has no part whatsoever in the commercial sector. So that following a privatization policy, one would not even contemplate the state as being an investor in the commercial sector. The state wants to have no part in the commercial sector at all. So that is where the concept in the third 'Whereas' in the motion comes in:

"Whereas divestment as defined by the Government is fundamentally more than privatization, in that this Government's concept of 'divestment' is the reduction of Government's shareholding by disposal to private persons/entities in a manner which facilitates the widest possible participation of the citizenry in share ownership to the extent that this is part of a programme of the national development."

There are two things with that. We talked a while ago about the distinction between divestment and privatization. But also, Madam Speaker, not the provision to the extent that this forms part of the national development policy, "the widest possible participation". That is the general policy. But, in some situations, for example, the situation of Urea and Fertrin, one did not follow widest possible participation, nor did one follow widest possible participation in Caricargo and Printing and Packaging because these are companies, other than Urea and Fertrin, which have a current profit position, but still have an accumulated loss. They are losers, as it were: Printing and Packaging, Farrell House, and so on.

Madam Speaker, last Tuesday, I attempted to make a similar point and then we got that *Sunday Guardian* headline. I was making the point, quite simply, that when one is divesting a company such as National Flour Mills or Trinidad Cement Limited, then one would see the widest possible participation concept being used. That is the point that was being made.

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I have had an opportunity to listen to the video recording, and I am convinced that one could come to the conclusion, if one wanted to, of an imminent divestment of National Flour Mills. The point is, however, that the error was on emphasis. That is not the point that was being made here. That point which was being made is that in one situation, one can very well use widest possible participation and in another situation, because of the special circumstances, one would want to look for divestment of 100 per cent or majority divestment to one individual.

Now, permit me, Madam Speaker, to outline the circumstances under which Government has decided to maintain participation in the commercial sector. This is stated in the manifesto, we have said it before, but it bears repeating. Firstly, Government would continue to be involved in areas of strategic importance and I would grant that there is some debate as to what is strategic. We have had that debate. One can more easily identify an industry than to put words together to come up with a definition. There are those who would argue, for example, that National Flour Mills is extremely strategic, and there are others who would say no, not so, given the current environment. But essentially, this means, in our mind, that Government would invest in industries which are considered critical to the long-term development of the society and which may be under-provided in the absence of Government involvement.

In other words, there might be an industry which is strategic, but if the private sector were to invest in that industry, then it may mean that Government need not get in. It is in a situation in which the private sector, without Government investment, would not become involved and the industry would not develop, that one considers it important for Government participation.

On the basis of these considerations, the natural gas sector selects itself and, accordingly Government has taken the decision that the National Gas Company will be the prime mover of the sector at this time and will remain within Government's portfolio of enterprises.

Secondly, Government would also be willing to become involved in commercial ventures with foreign investors as a means of reducing the associated country risks.

The Member for Caroni Central made the point that at the forum at the university I indicated that we were looking at a partial divestment of methanol. Let me again correct an error. What I said at the university is that—I have been trying for a whole week to get a retraction on this issue—IFC valued the methanol

plant between US \$82 million and US \$160 million. I do not know how that could convert into US \$160 to US \$200 million, but, obviously, I understand there are various pressures. But for the record, on Sunday, I spoke with the *Guardian* reporter who made a clarification with respect to NFM. I spoke with her on Sunday; it did not appear on Monday. I spoke with her on Monday. She told me there was no room, it would appear the following day. It still has not appeared.

I am making the point that the IFC's valuation for the Methanol company was US \$82 million to US \$160 million. I was making the point that the Government is contemplating the partial divestment of methanol within the context of expanding methanol production in Trinidad and Tobago. What is being considered is the addition of another plant, actually, or to strive for 550,000 tonnes per annum. Foreign investors have indicated that they would want Government to maintain some interest in methanol. In any case, it is Government's intention to maintain an interest in methanol.

In view of the need to secure technology and an expanded market access abroad, foreign investment will necessarily form part of the overall investment and divestment scenario in Trinidad and Tobago. We make the point time and time again that: Yes, our development in Trinidad and Tobago will come from our domestic savings—and we have done certain things to stimulate domestic savings—but we know, as a fact, if we want to move this economy, we would have to rely on foreign inflows for that.

When we divest Urea and Fertrin and when the new owner, Arcadian, says, "Listen, we are going to add another train, the urea train", so that there would now be complementarity, as it were. Fertrin produces 2,000 tonnes per day of ammonia, but there is only one train at Urea taking 1,000 tonnes per day. So that as it stands at present, 1,000 tonnes per day of ammonia from Fertrin has to be exported. While the market situation suggests that one ought to go downstream to urea. Arcadian is saying, "We are going to be putting in another urea plant to take that 1,000 tonnes per day".

More than that, if we were looking at the South American market; obviously, one sees quite clearly, given the government's vision of making Trinidad and Tobago the gateway to Latin America, that it makes sense what Arcadian is attempting to do. So we see our divestment as fundamental to all that we are trying to do to move this country forward.

In addition to the strictly commercial activities, Government will continue to be involved in enterprises that have a clearly defined social function. We said it in

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the manifesto and we maintain that we will continue to be involved. The point that my Friend, the Member for Caroni Central, was quoting from the press release of my very good Friend, the Member for St. Augustine—I thought we corrected that long ago. There is no error in the manifesto.

The point that is made, quite simply, is that even when a company or an industry is considered strategic, that does not mean that Government must have 100 per cent ownership, but, in fact, Government can divest. At present we are saying that, conceptually, one can divest up to 49 per cent because it means, then, that in that situation, we still remain with 51 per cent ownership.

Now, the other issue is that ownership does not even imply control. TSTT will tell you that. We have 51 per cent ownership but the control lies somewhere else. So that conceptually one does not need majority ownership to have control.

Mr. Humphrey: Madam Speaker, I want to thank the Minister for giving way. Would he indicate where in the PNM's manifesto for the 1991 election it is indicated that Urea and Fertrin would be sold, especially to a foreign buyer, and whether Urea and Fertrin are not energy-based industries.

Hon. K. Valley: Madam Speaker, the state enterprise policy is outlined on page 12, and the manifesto outlines four situations in which Government would maintain investment in the commercial sector. The first is:

- “— the industry or enterprise is of strategic importance, e.g. oil and gas and telecommunications the enterprise provides a major social service, e.g. T&TEC, WASA, PTSC
- the industry or enterprise is essential to the economic diversification drive and the private sector is unable to channel financial resources into such investments, e.g. downstream petrochemical plants from urea, methanol or natural gas
- a foreign investor is interested in a major project but wishes to minimise country risks by including the State as a partner
- Government shareholding in the above companies will be reduced over time through a programme of divestment”

Those are the four conditions. If the hon. Member will tell me under which of those four conditions Urea and Fertrin fall, I would be extremely happy.

Mr. Humphrey: Madam Speaker, I would like to refer the hon. Minister to page 13 of the PNM manifesto, under the section headed “Energy-based Industries” and to point out that Urea and Fertrin are energy-based industries.

“The PNM will mandate the National Gas Company in association with gas-based industries to prepare five-year strategic plans for each industry that will emphasize the development of downstream industries.

The PNM will negotiate supply and developmental pricing policies with the participants in each gas-based industry.”

So it is quite clear, Madam Speaker, that what the Minister has done is re-written the manifesto on page 12. On page 13, they were more specific on what the intention was with the energy-based industries.

Madam Speaker, I charge that the present Government are perpetrating a fraud on this Parliament and on the people of Trinidad and Tobago with their new interpretation of their own manifesto.

Hon. K. Valley: Most of the times when the Member speaks I just do not understand what he says.

Madam Speaker, what he read, “Energy-based Industries” on page 13—the Government is outlining a policy position with respect to energy-based industries that are within its portfolio. The policy with respect to its participation in these companies is outlined on page 12.

Mr. Humphrey: As re-written.

Hon. K. Valley: Do you have a different copy? Do you want to borrow my copy?

Mr. Humphrey: You have re-written the whole structure of that paragraph to justify what you are saying.

Hon. K. Valley: I have here the 1986 paper. I can give it to him; there is no change. But let us go on.

The hon. Member does not understand, for example, that when we liberalized the currency, we were coming closer to what he has been saying for quite sometime. He does not even understand that.

Mr. Humphrey: You have no right to be a Minister in the Ministry of Finance; you should be selling insurance—

Hon. K. Valley: And I do that very well, too.

Mr. Humphrey: —instead of messing up this country’s economy.

Mr. Sudama: Do you also fool your clients in insurance?

Hon. K. Valley: On the basis of these clearly defined criteria, the existing portfolio, that is, the portfolio of Government's investments, is subjected to ongoing analysis and review.

Mr. Humphrey: Give us a list of the investments.

Hon. K. Valley: You are getting that too.

"Where Government's investments do not now satisfy these criteria, an orderly programme of divestment will be pursued."

Again, the manifesto said it.

"Subject then to the concept of strategic importance, divestment will take place in the following circumstances: In circumstances where the initial investment criteria are no longer relevant or where competition and efficiency will be improved by increased private participation or where the public enterprises are not financially viable or where continued state participation will displace or crowd out private investment, thereby limiting competition and adoption of new technology."

So that the objective of the divestment programme is clear. Divestment is not simply for cash to pay foreign debt. First and foremost, the programme is intended to enhance significantly the domestic environment for investment and private sector activity. In this regard, it cannot be viewed in isolation from the policy matrix identified in the *Medium Term Policy Framework 1993—1995*. It must be seen as part of that overall investment policy. That is the concept of being a facilitator, Madam Speaker. We have stated clearly where we would invest and we are putting the framework in place to be that facilitator.

Madam Speaker, it is a fact that we are very close to laying in Parliament for debate the securities exchange legislation, banking legislation, financial institutions legislation, insurance and the new Companies Act. All of this is to create a legal and regulatory framework for investment in Trinidad and Tobago.

This morning I had the pleasure of going to the Unit Trust Corporation, where they were launching their new product, the Chaconia Investment. We want to see more of that in Trinidad and Tobago, but we have to ensure that the Stock Exchange is revived and functioning properly, that there is proper companies legislation, that insurance companies can operate under proper and adequate legislation. And that is what we are doing.

However, it is more than that. We know as a Government also, to provide that, we have to formulate appropriate macro-economic fiscal and monetary policies

and we are doing that. Then there are infrastructural development initiatives in water, electricity and also gas.

Madam Speaker, you would have heard the Prime Minister making the point that we have to look at new ways of doing things. If, in fact, we industrialize, the demand for water would be increased. If the state does not have sufficient funding to win more water, then it might be that we need to have the private sector see about winning the water and selling it to WASA.

Similarly, with electricity. The private sector may, if they want to, put in new generating capacity and sell that to T&TEC because there is that additional need in an environment where the Government just does not have the funds available to undertake that critical event. If we have to get the country moving, we have to ensure that we get out of the box, as the psychologist would say. We have to start thinking and seeing the possibilities.

We make the point that what we are doing at WASA, at the Port and what the Minister of Education is doing with respect to the national apprenticeship scheme are all part of the national initiative.

When we speak about making WASA more efficient, it is simply the realization that if this industry is to be competitive worldwide, then its cost base must not be padded by inefficiencies. That is where we are going. Our clear mission is to move the country forward. We are conscious that while we do that, there would be a two-year period when we have to manage that transition, and we are doing that.

The Ministry of Social Services is putting a plan in place to ensure that there is management of the social system while we move this economy forward. We are about a caring society.

Other objectives of our investment programme include the widening of share ownership in the society and the deepening of the capital markets and generally greater efficiency in the economy, all part of our investment and divestment policy. This is why we speak about the widest possible participation.

Our divestment programme will also contribute significantly to improving fiscal and balance-of-payments accounts over the medium term, and that is where we see the bi-product effect. Given that we divest and we have funds, what do we do with those funds? We said quite clearly, again, as the motion identified, and as the manifesto said, that those funds would be used for the reduction of public debt. The concept is that these funds were borrowed to build these state

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companies and if we are now divesting them, then, at the same time, we ought to reduce the debt owed by the state.

3.25 p.m.

Mr. Robinson: Madam Speaker, would the Minister state very clearly what is the policy of the Government in respect of the application of the proceeds from the divestment to reduction of the public debt? Government has given the assurance that these proceeds will not be used for recurrent expenditure; and the Minister must know that a portion of the public debt is attributable, or is a burden on the recurrent budget.

Hon. K. Valley: The hon. Member is, in fact, mixing up two concepts, the public debt and debt service. A portion of the debt service is the interest payment. Debt service is the principal repayment as well as interest charges; and I think the hon. Member is, in fact, talking about debt service.

Because to the extent that there are interest charges, that is a recurrent item. We are saying it is going to be used for the repayment of public debt, the principal element of the debt. For example, in February we repaid the maturity of the Japanese bond, US \$86 million.

So that, Madam Speaker, you will see quite clearly that the net amount we got out of the Urea/Fertrin transaction after paying all legal fees was somewhere about US \$87 million. What happened, quite simply, in February, we ran up our overdraft with the Central Bank to make the payment, so that when the funds came in March, we merely replenished the fund. We are talking about the debt component, not the interest element. We are talking about debt, as distinct from debt service.

Mr. Robinson: The portion of debt servicing that is a burden, an imposition on the recurrent budget, will therefore not be met by the proceeds from the sale of these assets? That is the undertaking of the Government?

Hon. K. Valley: That is the undertaking of the Government, that what is to be met is the principal element, not the service element. And one sees quite clearly, with respect to 1993 we have met that. Okay?

Mr. Robinson: The Minister knows very well there is a method of the preparation of Government accounts. Unfortunately, we have not had a Table of Fiscal Operations for 1993, and that is part of the problem. But the Minister knows very well that there is a method of preparation of the Government accounts, and certain aspects of the debt servicing are attributable, or imposed on,

or are a burden on the recurrent budget and that is what I am talking about, the recurrent budget. I am not talking about capital payments.

Hon. K. Valley: I understand clearly what the hon. Member is saying, Madam Speaker, and if he would go back to the Budget Speech on page 55, he would see that we spoke about external amortization for the year, of \$991.3 million—amortization of debt. There is no interest element in that \$991.3 million. This is a straight principal element. What is a capital item? As a matter of fact, that is what one calls below the line, it is a financing item. The interest element would be shown in recurrent, but below the line one would show the financing. Okay? I am merely giving the House the assurance that what we are talking about is debt repayment, not debt service, which includes interest element.

I turn now to the institutional framework with respect to divestment. The Member was talking about the lack of transparency. I shall inform the House and the national community about the system we have put in place to ensure that there is transparency. The institutional framework governing the divestment process is structured to ensure, first of all, the greatest efficiency, utmost transparency, equal opportunity to all prospective purchasers, optimization of returns, widest distribution of shareholdings as far as possible.

The Investment Division of the Ministry of Finance, for which I have the responsibility, is the agency charged with executing the divestment policy, under the direction of the Minister of Finance. The principal responsibility of the division is the management and monitoring of Government's portfolio of investments in commercial enterprises and its rationalization. The work of the Investment Division is complemented by the divestment secretariat which is dedicated to the execution of the divestment transaction. In other words, after a decision is made to divest a particular company, that company is decanted into the divestment secretariat which, at present, has merely three members. It is headed by Mr. Hospedales and there is a lawyer, as well as an accountant. That is our divestment team which takes over from that point. The actual divestment transactions are being undertaken in accordance with strict guidelines and procedures.

The main stages in the implementation of the divestment process are firstly, the analysis and review of the enterprises. That is the first thing we would do. Our team meets every two weeks and reviews enterprises; then we would make submissions to Cabinet as we see fit. So that stage two is the selection of the enterprise by Cabinet for divestment. Thirdly, there is the preparation of the

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divestment plan and then the implementation of the required preparatory work. For every company there is normally an offering memorandum stating what is the company, what it does, what has been the performance of the company, and so on and there is the evaluation of proposals, followed by the selection and approval of the successful proposal by Cabinet; and lastly, the transfer of ownership to the purchaser.

The following is the status of the Government's portfolio of enterprises to date. Out of a portfolio of 84 enterprises in which Government has either a direct or indirect shareholding, a total of 47 enterprises have undergone the review process. Decisions have been taken to divest Government's shareholding—and, again, some minority shareholding—in 28 companies; and of these 28, 14 are minority interests, three per cent and so on in private sector companies. Four of these companies have already been divested and I have already reported to this honourable House on those divestments. They were Trinidad and Tobago Printing and Packaging. Members would recall that the agreement for sale of this company was entered into on January 26, 1993 and we got a price of \$12.5 million.

The point that I was making up at the university in a report quoted by my Friend the Member for Caroni Central, is simply that that was the best offer, although the valuation was \$16 million. The position is that that company has been making a loss for such a long time that the Government accepted that offer. As a matter of fact, the losses of the company were some \$49 million, or something like that.

The agreement for sale of the shares in Farrell House was entered into on November 25, 1992. The price obtained for these shares was \$8.1 million. In this case the valuation was lower than that figure.

Mr. Sudama: You mean they paid you extra money?

Hon. K. Valley: Fertrin and Trinidad and Tobago Urea Company were sold as a package on March 26, 1993, as Members know, at a price of US \$185 million.

Mr. Sudama: Would the Minister give way to a question? I find it grossly unbelievable that a firm or company would pay in excess of what the company's assets have been valued at. Is that what the Minister is saying?

Hon. K. Valley: But, Madam Speaker, if I get a valuation, that is my business; I would not tell anybody. We got a valuation, but that is our business. The market does not know the value that we got.

Mr. Sudama: The market does not know?

Hon. K. Valley: But, Madam Speaker, it is not only in the case of Farrell House. In the case of Fertrin and Urea we did not get an official valuation, but it was lower than what we obtained. The market has nothing to do with a valuation. No wonder you were moved from the Ministry of Finance quickly. Stupid!

Mr. Sudama: Whom are you trying to fool, really?

3.35 p.m.

Hon. K. Valley: With respect to the remaining 24 enterprises for which divestment decisions have already been taken, 10 are in various stages of divestment. With respect to Trintoc and Trintopec, the new company, Petrotrin, has been established in which those assets relating to production, refining and exploration are to be vested, and Petrotrin will be partially divested—mainly the refinery. We would be looking for a joint venture partner for the refinery and we would give preference to a joint venture partner who brings crude for the refinery, as well as markets, technology and capital, of course, for further investment in the sector. The remaining assets of Trintoc and Trintopec would be divested in due course.

So that here we have these two companies, Trintoc and Trintopec. We have formed a new company. Some of the assets would be going into Petrotrin, others would be remaining with Trintoc and Trintopec for divestment later on. In the case of Petrotrin, we would be looking for a joint venture partner who would bring crude supplies, capital for further investment, as well as markets and technology.

The National Energy Corporation has been taken over by the National Gas Company. We have vested the assets of NEC into NGC, because it made quite a lot of sense. Arrangements are being made for the partial divestment of the methanol company. I have spoken about that already.

With respect to BWIA, Members are well aware of our attempts to find a strategic partner. These efforts are continuing, as I have said, to streamline further the operation of the airline. I can report that we have employed a new CEO. He is to come on board on May 1, 1993. He is Conrad Aleong, a Trinidadian, who has been working with Air Canada for some 16 years, a very senior person at Air Canada, and we believe that he and his team would effect the turnaround of that airline. We would be meeting with Mr. Aleong—*[Interruption]* I would just ask the Member to wait and see. That is all.

Quite simply, I just wanted to make the point that with respect to BWIA the mandate that the Government is giving the airline is to be prepared for divestment

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within three years. That is the mandate of the new CEO and his whole compensation package is structured around that concept.

Mr. Robinson: Could the Minister say what has become of the proposal to merge LIAT with BWIA which was considered to be the best method of resolving this issue and placing the Caribbean in the strongest position?

Hon. K. Valley: Madam Speaker, if I had my way I would have done that long ago. We have to deal with other Caribbean countries. We are pursuing an alliance with BWIA and LIAT. More than that, our last initiative was one with Air Canada, BWIA and LIAT, and Mr. Aleong fits into that. We are expecting him to drive that initiative. Air Canada at the time thought that they could not make an affirmative decision, given the time period, but that they would look at it later. So that we want to work on that initiative because it makes quite a lot of sense.

Mr. Maharaj: Madam Speaker, I had intended to ask the Minister another question in addition to this one. This Mr. Aleong, is he the same gentleman in Fisheries and who was in Pegasus?

Hon. K. Valley: No. He has resided in Canada for the last 16 to 18 years.

Madam Speaker: The speaking time of the hon. Member has expired.

Motion made, That the hon. Member's speaking time be extended by 30 minutes [*Mr. H. Bereaux*].

Question put and agreed to.

Hon. K. Valley: My thanks to hon. Members.

Joint venture arrangements are being finalized with a foreign investor to acquire the majority shareholding in Crown Reef Hotel, the investor is supposed to operate and manage the hotel. This is what we inherited and what we have been working on for quite some time. Honestly, I hope that we are getting closer to finalization. Just before I came here today we sent a communication to this gentleman telling him that if by the end of the month there is no firm financing plan, we would consider that he is no longer interested and that we would go out once more. It has been around too long. I am sure the hon. Member for Tobago East would share my views with respect to this.

Madam Speaker, I am pleased to announce that National Food Processors, which is in liquidation—we have been successful in agreeing with the union. NUGFW will be buying this firm and we expect this transaction to be closed next week. I congratulate NUGFW on taking that step. It is an initiative we tried with

Printing and Packaging as well as Farrell House. We asked the union, we said, "Listen, we want to give the employees the first right of refusal." Then we would say, simply, "value", and as long as they are willing to pay value, we would sell it to them. So I really want to congratulate the Management, the President and members of the NUGFW for taking this enlightened stand.

In the case of National Fisheries Company Limited, consultants have been engaged to advise on the method of divestment to be pursued. Nonpareil Estate Limited has been wound up. Workers have been paid their severance and proposals are being invited for the utilization of the estate's assets. What we want to do with Nonpareil is to invite the private sector to come up with proposals for the utilization of the estate. We would lease it, we would sell it. We are looking for the best proposal.

The Government holds minority interest in 16 companies, of which seven are regional companies. Government has taken a decision to divest these minority interests in 14 of these 16 private companies. The two that we plan to maintain at its current level are NCB and DFC. I would say a bit more on that later on.

With respect to the regional companies, the Arawak Cement Company Limited, which is a joint venture between the Government of Trinidad and Tobago and Barbados, a decision was taken to divest that company even before this Government came into power. We have reached the stage now where bids are being evaluated with the assistance of the Commonwealth Fund for Technical Co-operation and a buyer is to be selected by mid-May 1993.

3.45 p.m.

With respect to Liat (1974) Limited, as you know, the decision was taken to divest it. As we said, we are looking at forming this alliance. The operation of West Indies Shipping Corporation, Caribbean Investment Corporation, Caribbean Corn and Soya Company Limited and Caricargo have ceased and are all earmarked for liquidation.

Madam Speaker, I want Members to note that when the Government talks about divestment, we include liquidation, closing down, and so on, of companies; also getting rid of *[Interruption]* At least he had a legacy. You had better try to get one.

The future of the Caribbean Food Corporation is to be determined in consultation with other regional shareholders. With respect to Government's minority shareholdings in nine local companies—firstly in the case of private

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companies, for example, Holiday Inn, Maritime Life and Collymore Caribbean Limited—Government plans to offer its shares to the other existing shareholders. The Articles of these private companies state that we have to offer the shares to the other shareholders; we cannot divest to any and everybody.

In the case of some of the public companies, that is the private public companies—Angostura Bitters Limited and Angostura Holdings Limited, as well as Neal and Massy Holdings Limited—a stockbroker will be engaged to dispose of Government's shareholding. It is intended that a portion of these shares will be reserved for the Unit Trust Corporation to facilitate the widest participation concept.

Government's minority shareholding in Trinidad Cement Limited will be sold on the Stock Exchange at an appropriate time. Government will maintain, as I said, its equity holdings at existing levels in NCB and DFC at this time.

In addition, 11 companies are in various stages of liquidation: Food and Agriculture Corporation of Trinidad and Tobago Limited; Forres Park Limited; International Marketing Corporation Limited; School Nutrition Company Limited; National Hotel Company of Trinidad and Tobago Limited; Trinidad and Tobago Meat Processors Limited; Trinidad and Tobago Electronics Limited; Trinidad Bagasse Products Limited; Sea Island Development Company Limited; Trincity Garment Manufacturing Limited; Arts and Crafts Export Limited—and we are just taking them off the books.

Of the remaining eight enterprises, which have been reviewed, four are currently being restructured and Government intends to retain its interest in the other four at this time. Caroni (1975) Limited is being restructured in accordance with the recommendations of the Tripartite Report. The restructuring of the Agricultural Development Bank is on the way. In the case of NBS and TTT, consultants have been engaged to determine the feasibility of a merger. Given what is happening in the domestic market, obviously, it is to our own interest to have TTT and NBS as one, so as to either face or give good competition.

Mr. Maharaj: To control the news!

Hon. K. Valley: Madam Speaker, to reply to that, because I am the Minister responsible for NBS and TTT on a corporate basis. There are specific reasons why, with respect to these companies Government took the decision that there be no line Minister; there is only a corporate responsibility, which is mine. I can say that nobody at NBS or TTT can ever claim, at any time, that this Minister has interfered

with anybody with respect to their functions. That, Madam Speaker, I can guarantee, would remain as long as I am the Minister.

Mr. Maharaj: Madam Speaker, would the Minister care to indicate whether pressure was not put on the television station when the Minister stated that he would not appear on a programme if Mr. Gideon Hanoomansingh was presenting it.

Hon. Member: Is that not pressure?

Hon. K. Valley: Madam Speaker, I can answer, categorically, that no pressure was put on anybody. I stated my view quite simply. Honestly, I have known Mr. Hanoomansingh for a long time; I have no problem with him. I am saying that given that situation, I would not have felt comfortable appearing on the programme with him. All this says is that he had his rights and I had mine, and I simply said I could not go. I did not, at any time, tell anybody—Madam Speaker, categorically, I would say that Ken Valley would never do that. That is what it is.

Mr. Maharaj: Would the hon. Minister tell this House whether it is the policy of the Government that if Mr. Gideon Hanoomansingh is presenting a programme, other Ministers would not appear on that programme?

Hon. K. Valley: Madam Speaker, I can speak only for myself. I would say something more than that: that incident occurred early last year when I thought Mr. Hanoomansingh acted unjustly to my brother Minister, but that was approximately one and a half years ago. Today, I have no problem appearing on a programme if Mr. Hanoomansingh is presenting it.

To continue, Madam Speaker. The four state enterprises in which Government's interest is to be retained are the National Gas Company; the Development Finance Company; the National Commercial Bank and the Workers Bank—as I said before, which are to be merged with the Trinidad Co-operative Bank.

Thirty-seven enterprises are still to be analyzed and this includes the National Flour Mills in respect of which a decision has not yet been taken, contrary to recent headlines.

I know that there is an aspirant to high office who said that my denial on that headline was typical PNM. First of all, I want to inform my good friend that it was not a denial, but a clarification that there was an error in emphasis in stating the facts. *[Interruption]*. I thought you knew him quite well. *[Interruption]* Honestly, Madam Speaker, I wish him all the best on Sunday.

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To conclude, Madam Speaker, of some 84 companies, Government has taken the decision to retain four: one is wholly owned, that is the National Gas Company; the Workers Bank, which is majority owned; and two which are minority owned, NCB and DFC. At present we hold about 29 per cent, I think, of DFC, and about 36 per cent of NCB.

Four companies are being restructured; Caroni, TTT, NBS—those three are wholly owned; in other words, Government holds 100 per cent shares—and ADB, which is majority owned.

3.55 p.m.

Madam Speaker, the decision to divest has been taken with respect to 27 companies, eleven of which are wholly owned. When we say divesting, we are talking about closing down and winding up. The wholly owned companies are TTMC, Trintopex, Trintoc, the Urea Company, which has already been divested; BWIA, Printing and Packaging, which is already gone; Farrell House, Food Processors, gone; Nonpareil, NEC, which is now part of the National Gas Company and Petrotrin where we would be looking for a joint-venture partner.

The majority owned companies where we have taken decisions to divest are: Crown Reef, a decision taken before we came in, National Fisheries, and Fertrin which is already gone.

Minority interest companies where we owned less than 50 per cent: Allied Innkeepers Holiday Inn, Angostura Bitters, Angostura Holdings, Maritime Limited, Neal and Massy, Polymer, TCL.

Regional companies: Arawak, CIC, Caricom Corn, Caribbean Food—

Mr. Robinson: Would the Minister state what is the status of the discussions for the divestment of the Crown Reef Hotel?

Hon. K. Valley: Before we came in there was an agreement with a foreign investor. We have maintained that. We thought at times that the investor was having difficulty raising the funding; we were assured recently that in fact the funding would be in place, and it is based on that, that we are going along. But we still believe there ought to be a quicker response. We are asking that we have a financing plan in place soon so that we can move forward. My colleague, the Minister of Works, is about to work with the Tobago House of Assembly with respect to the breakwater which is the last condition that we have to fulfil with respect to the project.

With respect to the regional companies, we have taken the decision to divest Arawak, CIC, Caricom Corn, Caribbean good, LIAT, WISCO and Caricargo. We have taken the decision to liquidate 11 companies: Food and Agriculture Corporation, Forres Park, International Marketing, School Nutrition Company, Meat Processors, Trinidad and Tobago Electronics, National Hotel Company, the Bagasse Company, Sea Island. Sea Island and the Bagasse Company are 51 per cent owned. All the others were fully owned by the Government. Trincity Garments is also majority owned. There was one minority interest in that classification—Arts and Craft Limited.

So the total companies reviewed to date are 47, twenty-two were wholly owned, eight were majority owned, ten were minority interest, seven regional. Still to be reviewed are some 37 and we would be doing that during the course of this year into 1994. I thought I would provide that type of background this afternoon so that Members would have a status report on our programme of divestment which is a critical element in our overall investment policy.

I will deal with one issue which is the point made by my Friend the Member for Caroni Central, whether Government is going to be selling profitable companies.

I made the point earlier that it is not whether or not a company is profitable, but whether it fits into a scheme, as it were. In fact, when Government are divesting a company, if we are relying on the market, the market is going to put a valuation on that future profitability, so that if a company is profitable or the more profitable a company is, the better would be the price. The market is not valuing the asset that is there, in other words, the equipment. What is really being valued is the potential for profits over a 20-year period or what have you—the normal life of the plan.

Mr. Robinson: May I ask the Minister whether that is not one element in the picture? The question of the value of the capital assets or capital stock has to be another element in the picture.

Hon. K. Valley: Madam Speaker, the value of the capital stock, the plant etc, in finance, we consider that a sound cost. It is there already and what you really have to value is the potential stream of income. That is what an investor would get.

Mr. Robinson: How do you accumulate depreciation? *[Interruption]* You have to value the capital stock as against profitability. How are you going to determine profitability in terms of your depreciation in other places?

Hon. K. Valley: Madam Speaker, depreciation is a non-cash item and one will take the cash flows. In other words, one will be looking at this company and saying, "What are my potential sales over the period?" What would be my expenses? What are my cash costs? What would be my cash inflows?" And that is what one values when one is valuing a company. The capital stock we have is money already spent. The point I am making is that the more profitable a company, theoretically at least, the higher the price one ought to get. That is not really a discriminant basis. Discriminant is the concept. Why are we divesting? Does it fit into what we want to do? Does it fall outside? If it falls outside then we ought to divest.

The Member spoke also of the fact that most of these companies were bought in the 1970s which is a fact. I draw the Member's attention to another fact, that even at that time the White Paper made the point that as soon as these companies got to a normal state they would be divested in the context of widest possible participation. The idea was to move from the Corporation Sole where it was held in trust for all of the people, to give them it directly.

I draw Members' attention to an article in the *Trinidad and Tobago Review*. I do not know who wrote it but I am very much interested in employing this individual whomsoever he may be. In the article, on page 13 of the Review, the writer is saying:

"The Government might have considered the conversion of some or all of the accumulated losses to equity."

Anybody who can convert losses into equity is a person that the Government can really use given the number of companies that we have with all types of accumulated losses. If anybody here knows that individual tell him I am looking for him, and I would recommend that he be paid handsomely.

4.05 p.m.

I do not think there are any other issues to answer. I am sorry that I have taken so long, but I thought it was important to inform Members on the status of the divestment programme.

I am very pleased, Madam Speaker, that you eventually allowed me to make a contribution this afternoon. Thank you.

Mr. Hedwige Breaux (*La Brea*): Madam Speaker, I rise to make the concluding remarks in this debate on the motion.

Be it resolved that this honourable House take note of and commend Government on its approach to the development and implementation of its divestment policy which includes the re-investment of the proceeds and the consequent reduction in the public debt from such divestment for the national good.

The Government's ownership of shares, investments in state enterprises are in the capacity of trustee for the people of Trinidad and Tobago. Therefore, any activity touching such enterprises, their management, acquisition or disposal, whether in their entirety or in part, must indeed be a matter of serious concern for all Members of this honourable House.

It was in this context that I sought to bring this Motion to Parliament. I happen to represent a constituency in Trinidad, where we have at least three or four substantial state enterprises operating; several of my constituents work for these enterprises. Moreover, I also work for one, and in that very industry and enterprise we have possibly the most vocal trade union in the country. That union and my constituents have been questioning and raising matters pertaining to divestment.

For a while, I held back, hoping that the Members of the Opposition in Parliament would question the Government on it, but since they abdicated their responsibility, it fell to me to raise the matter and since I happen to know about Government's divestment policy, I framed the motion in a particular way.

Mr. Palackdharrysingh: Are you in the Cabinet?

Mr. H. Bereaux: Madam Speaker, the Member for Caroni Central is a squatter in that constituency. In his contribution he wanted to know what was in the head of the Member for La Brea when he brought this motion. I am trying to tell him, but you see, he is a teacher.

Mr. Palackdharrysingh: Madam Speaker, let me inform the hon. Member that I am no squatter. I would beat him fair and square in Caroni Central—

Mr. H. Bereaux: He wanted to know what was in my head, but I want to tell him, the eye sees what it brings the power to see. If he does not understand what I am speaking about, it is because he does not have the ability to comprehend.

I was saying that the whole purpose of this motion was to try to get aired in this honourable House, the question of divestment. I, as a Member of the team, had knowledge of it, but, of course, we needed the widest possible participation in this House, and that is the context in which the Motion was brought. It is not surprising that this debate has attracted some considerable comment by Members of this honourable House. However, what is surprising is the content, or should I

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say the lack of meaningful content coming from some of the speakers on the other side. Really, for a while it would have tried the patience of Job to sit here and listen to some of the meaningless drivel and hackneyed rhetoric emanating—

Mr. Palackdharrysingh: Is it Morgan Job you are speaking about?

Mr. H. Beraux: No. The Job in the Good Book.

Mr. Robinson: Madam Speaker, on a point of order. The hon. Member should withdraw that phrase "meaningless drivel" It certainly does not apply to this side of the House. I do not know what side he is speaking about, but it ought to not to apply to either side of the House.

Mr. H. Beraux: Madam Speaker, the Member for Tobago East is a gentleman whom I always try to treat with the greatest amount of charity. The reason for that is that I remember him in better times when he was a Member of the People's National Movement, and even as a very young and promising Oxonian.

Even at the time when he became the Prime Minister of this country, and he was treating the Members for St. Augustine and Oropouche with disdain, whenever he met me, he treated me with great concern. I really do not want to do this, but since he has interfered with me, and I know I am a "Johnny-come-lately"—

Mr. Robinson: Madam Speaker, may I ask you to rule on the phrase, "meaningless drivel" as applied to contributions of Members of this House?

Mr. H. Beraux: Madam Speaker, if it offends the Member for Tobago East, I will withdraw it.

Mr. Robinson: Madam Speaker, it is not a matter of "if it offends". I am asking for your ruling.

Madam Speaker: On what grounds are you asking that it be withdrawn? I did not hear. What is the ground?

Mr. Robinson: It is insulting language. It is insulting to Members of the House to refer to their contributions as "meaningless drivel".

Madam Speaker: I think he was expressing himself a bit emphatically. I do not think it is really insulting.

Mr. Robinson: I wanted you to rule, Madam Speaker, so that similar phrases...

Mr. H. Bereaux: Madam Speaker, I will withdraw the statement and continue. I have no desire to get into anything with this Member.

Madam Speaker: Please. Yes.

Mr. H. Bereaux: The record of this House would be judged.

In the contribution of the hon. Member for Tobago East, to this very debate, the *Hansard* dated January 22, 1993, page 23 states:

"Let me give some idea of what happened to the state enterprises, why we are in this position today. I will take 12 major state enterprises. As I say, these are elemental facts..."

He called the accumulated losses and foreign debt of the Urea Plant, Methanol, Fertrin and Tringen. When he came to Trintopec—and I have reviewed the audited reports—he said that by 1987 the accumulated losses were \$451 million and no foreign debt. However, in that very year, when we checked up to the period 1987, Trintopec had paid dividends of \$472 million in excess, up to September of that very year about which he was talking, and had no accumulated loss. If that is not drivel, I beg your pardon, Madam Speaker, let him tell me what it is.

Mr. Robinson: May I say, Madam Speaker, that arose largely because of the confusion between the taxation position of the company and so on. I discovered that immediately and I approached the *Hansard* Editor and asked whether it could be corrected. I was told that it could be corrected, and it is corrected in the *Hansard*.

Madam Speaker: I wish you would not concentrate too much on the word "drivel" and proceed with the debate please.

4.15 p.m.

Mr. H. Bereaux: I thank you, Madam Speaker. But, you see, I just happened to prove the error.

Madam Speaker: Continue, please.

Mr. H. Bereaux: Madam Speaker, the Member on the other side appeared more concerned with the fact that the Motion was moved by a back-bencher than with debating the substantive elements of it.

Let me quote from the rantings of the Member for Oropouche:

"...I would have thought that the Minister of Finance..."

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And I must thank the Minister in the Ministry of Finance for his very explicit and comprehensive dissertation on the divestment policy and the stage at which it has reached. Continuing:

“would have made a presentation to this House on the subject of this motion which has to deal with the divestment policy of the Government. But we have a back-bencher at the back of the back-benches, so to speak...”

Madam Speaker, it is surprising that the Members in this House who are most vociferous in claiming and demanding their right to speak in this Parliament because of the fact that they were voted here by their constituents, from time to time to comment adversely when others come to this House and exercise the same right to speak on behalf of their constituents and they have the right to do.

Mr. Palackdharrysingh: On a point of order, Madam Speaker. The Member cannot impute improper motives. The right to speak is delegated by the Chair. That is improper, Madam Speaker.

Madam Speaker: I do not understand what your point is.

Mr. H. Béréaux: He goes on, Madam Speaker:

“...I do not know. What authority and competence he has to deal with matters of investment policy, divestment, re-investment, national development or the public debt...”

But I will tell him this, Madam Speaker. I have more competence, more right—and indeed his performance when he had an opportunity to be in the Cabinet—I understand he attended only one Cabinet meeting—he was unable to speak on a budget; they did not tell him anything and, notwithstanding the cross-talk between the Member for Tobago East and myself from time to time, I want to say that he did the correct thing, because the Member for Oropouche cannot perform.

Mr. Valley: In anything.

Mr. H. Béréaux: He continues:

“I am certainly in a quandary ...”

Mr. Robinson: May I inform the hon. Member that he is not yet Prime Minister of the country.

Mr. H. Béréaux: I notice he said “yet”. I have no aspirations. *[Interruption]*. Continuing:

“I am certainly in a quandary...”

Not only is he is a quandary, Madam Speaker, he is in a quagmire built up by his own ignorance of what the finances of this country are about and the divestment thrust of the Government.

“I am certainly in a quandary as to his competence to deal with these issues and to speak authoritatively on behalf of the Government.”

You see, Madam speaker, the point is, that what he and many people do not understand is that we in the PNM—this PNM is a team. It is teamwork all the way. *[Interruption]* I did not hear that grumbling, Madam Speaker, but I hope you heard it.

Mr. Maharaj: Madam Speaker, I wonder if my hon. Friend can say whether he speaks of the old PNM team or the new PNM team. Also, is he aware that the Prime Minister is having a brunch for the old PNM team on Sunday, and was he invited?

Mr. H. Bereaux: I am going to ignore that question. Because it would appear that maybe the Member for Caroni East or St. Augustine or Tobago East may have received invitations.

Mr. B. Panday: It is now clear that you were not invited.

Mr. H. Bereaux: Madam Speaker, I was telling him, we are part of a team. We work, we move as a team and, as a result of that, I am fully apprised and I know the full import and concur with the government’s divestment policy. And that is why I could be so bold as to bring a Motion like this before the House.

Mr. Sudama: They were very successful in divesting Ramrattan.

Madam Speaker: Order, please.

Mr. H. Bereaux: Madam Speaker, another area which appeared to be of some concern to the Members opposite is the fact that we were able to identify within the PNM manifesto reference to divestment and the divestment policy.

Heavy weather was made of the fact that there was some alleged error in indentation. But what I would like to do, Madam Speaker, just as it were, to put Humpty-Dumpty back on the wall, is to reiterate for the benefit of Members opposite and the record of this honourable House, the divestment and investment policy of the Government. The divestment policy of Trinidad and Tobago is an integral part of the investment policy of the country. But strategies with regard to divestment and the rate of divestment are closely interrelated and/or linked to Government’s articulation, delineation, investment and implementation of its investment policy.

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The PNM manifesto at page 12 states:

“While the State will essentially be a facilitator for economic activity, participation in the commercial sector will continue at appropriate levels where...”

It outlines the special circumstances in which the Government considers it necessary to be directly involved in investment which *inter alia* are:

- “ — The industry or enterprise is of strategic importance...
- The industry or enterprise is essential to the economic diversification drive and the private sector is unable to channel financial resources into such investments...
- A foreign investor is interested in a major project but wishes to minimize country risks by including the State as a partner...”

Given the three broad conditions stipulated for Government’s direct investment as identified above, Government divestment of its shareholding is being pursued in the cases in which:

- (1) the industry or enterprise does not fall in any of the categories previously mentioned;
- (2) the industry or enterprise may be in one of those categories, but Government owns more than 51 per cent of the shares in the company; and
- (3) the overall circumstances of the industry, the sector or the national economy makes it necessary for divestment of shareholding in a particular enterprise to be in the best interest of the socio economy.

In each case, decisions are being taken on the basis of indepth analysis and deliberation on the specific enterprise and key factors relating thereto. In all cases, divestment will go through an orderly process.

Madam Speaker, many comments have been made to give the impression that the present Government is moving radically away from policies which existed several years ago. However, not only the whole question of the economy and the treating of the economy, but also the question of divestment has always been on the agenda of the People’s National Movement.

Divestment is not a recent policy. Even as Government in the 70s deepened its involvement in commercial activity in the 1970s, provision was made for the eventual release of these equity holdings to the public.

I refer to the 1972 White Paper on Public Participation in commercial and Industrial Activity and that is complete and ample testament to the fact that the founding fathers thought about divestment in a particular way. But that was at a time when the country was poised differently. It is true that then divestment was done mostly on the local scene. But that was at the time when we had neither the expertise nor the experience to deal with foreign investors at that level.

Today, having regard to the experience we have, we are better able to deal with that. And the whole economic climate as well as the whole economic arrangement in the world is pointing in a direction in which it is propitious to have a certain amount of foreign investment which would include and be fostered by the divestment of some of the state enterprises.

You see, Madam Speaker, you get comments about selling—I think it is both the Member for Oropouche and the Member for Chaguanas who made comments about selling the state enterprises and losing control of the economy. Whereas control of the economy may have something to do with the fact that the Government holds shares in companies, it does not necessarily require such ownership and, in fact, it does not depend upon owning of shares in certain companies at all. Control of the economy depends on the fiscal initiatives and the fiscal policies of the Government.

So, Madam Speaker, I want to take some time off to target specifically some of the comments made by the Members on the opposite side.

4.30 p.m.: *Sitting suspended.*

5.10 p.m.: *Sitting resumed.*

Mr. H. Breaux: Madam Speaker, when we took the tea break, I was beginning to deal with a few comments made by the Members on the opposite side which needed some clarification. I shall deal with some comments made by the Member for Chaguanas. Normally, she is one of those persons in this House whose contributions I never miss. That is because in addition to her fluency, she usually speaks on matters in which she is well schooled. However, in this case, I do not think her contribution was up to its normal high standard. I want to quote a little from the speeches on diversification. She said:

"They spoke about the diversification thrust of this economy because they realized at that time that we were oil dependent and as such we had to diversify the economy. The three companies the Member for La Brea spoke about were downstream industries in gas as part of the diversification thrust,

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and he mentioned the methanol the plant, urea plant and Fertrin. So while we sell these companies out, what happens to the diversification thrust, where is that objective now, what is the status of that objective?"

I think it is a question, but the fact is that selling the shares of a company is not like selling a piece of cake. When we sell the shares of the company, presumably, the company continues to operate, so the diversification thrust of which we were speaking still remains for the benefit of the economy. So I just wanted to put that particular twist to rest and to explain. I know that that is not the case in Fertrin and Urea, but to the extent that other companies are sold and the proceeds of such companies are reinvested into other areas of diversification, the divestment itself will, in fact, progress the cause of diversification.

As I said, I am not identifying Fertrin and Urea as those, because it was specifically stated that Fertrin and Urea were in a special group where the proceeds of that sale are to be used for the purpose of reducing the public debt. But the proceeds of the other divestment are supposed to be reinvested; and the Minister of Finance has given the undertaking that none of that money will be spent for consumption.

There was another point also raised by the Member for Chaguanas on the question of education. She raised queries on the question of educating the population towards divestment, as she called it privatization, and whether with this type of education the population would be willing to purchase shares. The Government's policy, Madam Speaker, on divestment which we see includes the development of facilitation devices to encourage the widest possible participation in share ownership, and among these are included programmes to inform the public of the benefits to be derived from share investment and share ownership.

So we see there that one of the facilitation devices within the whole divestment policy is the question of education of the population. We have seen that on another situation, on another privatization or divestment or however you care to call it, where the employees were not properly educated and only at a late stage when they became educated they all got in on the programme—I am talking about TCL—and purchased shares.

Then there was a point made that in order to secure the widest possible participation in the shareholding, we should reserve blocks of shares to the National Insurance Board, to trade unions and to credit unions. A serious comment was made here about the delinquency in credit unions. Whereas we agree that there is some delinquency, I think that it is quite clear that the majority

of credit unions are strong. I myself am a member of a credit union in good standing. I used to be on the board for several years; and I know that our credit union, which is Palo Seco Credit Union Co-operative, will be willing to purchase shares. Not only the credit union itself, but also the members are looking towards investments of this nature.

The Member for Chaguanas wanted to know whether this Government intends to use some of the moneys that it is going to get from selling off our assets for social infrastructure, so that we could relieve the poverty levels in this country. I can understand how she feels because she has expressed this view in this House on more than one occasion. But the Government's position is that it will not use the money for consumption, it will be reinvested. However, many of these state enterprises are losing money. They are wards of the Treasury, they are dependent for cash infusion from the Treasury and insofar as they now cease to become dependent upon the Treasury, that sum which would have had to be given to them to buttress them and keep their cash flow going, will now be available for social infrastructure and the like.

I go now to some comments made by the Member for Oropouche. One particular comment he made was that the Minister of Finance and others who spoke on the other side are divesting in the oil companies for the purpose of attracting foreign investors. I think the Minister of Finance explained carefully and very clearly, and cogently what the purpose of the divestment of the oil industry was and that is to get money for investment, to get a partner with technology and a crude supply for the refinery.

Then there was the question about—I m going to read it—it is the Member for Oropouche again:

"Now, one understands what is happening. That is the reason for investment and ownership of T&TEC, WASA, TEXTEL, TSTT and so on. I wonder if that has changed because they are going to sell them out. According to the revelation of the Member for La Brea and the Member for Diego Martin Central, these are going to be sold off because they are going to have divestment in the public utilities..."

I read the Government's divestment policy and the Minister explained the difference between having private enterprise produce electricity for sale to the national grid, producing water for sale to WASA. So we see that this is just a piece of mischief, or that the Member did not really understand what he was hearing. But, I am not particularly surprised at that, Madam Speaker [*Interruption*] I was going to answer the Member for Tobago East, but do not fret.

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Madam Speaker, the Member for Caroni Central. When you read from the newspapers the comments made by various associations, it is good to follow up those with other comments or quotations which they have made at another time. He quoted the comment about 30 per cent loss of jobs made on January 9, 1993 when the question of trade liberalization was in the air.

What he did not quote was the comments from the same groups of persons after the liberalization of the currency. These half truths or half statements are what caused the problem, in that trade liberalization and liberalization of the currency form part of a package, and as the package unfolds, so will the comments move from harsh to acceptable and then to supportive. This is the whole context of the Government's policy.

5.20 p.m.

Madam Speaker, once again, I want to congratulate the Member for Diego Martin Central and Minister in the Ministry of Finance for the comprehensive manner in which he dealt with the entire Government divestment policy and programme. Madam Speaker, I beg to move.

Question put.

The House divided: Ayes 16, Noes 13

AYES

Valley, Hon. K.

Mottley, Hon. W.

Ramrekersingh, Hon. A.

Eckstein, Hon. J.

Marshall, Hon. M.

Maraj, Hon. R.

Baboolal, Dr. The Hon. L.

Collis, Hon. K.

Imbert, Hon. C.

Lasse, Dr. The Hon. V.

Pierre, Hon. J.

Casimire, A.

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Narine, J.

Hart, E.

Allum, D.

Bereaux, H.

NOES

Maharaj, R. L.

Panday, B.

Humphrey, J.

Sudama, T.

Palackdharrysingh, R.

Bhaggan, Miss H.

Mohammed, S.

Jurai, K.

Sharma, C.

Haniff, M.

Hosein, S.

Robinson, A. N. R.

Nicholson, Miss P.

Resolved:

That this honourable House take note of and commend Government on its approach to the development and implementation of its Divestment Policy which included the re-investment of the proceeds and the consequent reduction in the public debt from such divestment for the national good.

ADJOURNMENT

Hon. K. Valley: Madam Speaker, I beg to move that this House do now adjourn to Friday, April 30, 1993 at 1.30 p.m.

I wish to inform Members that on April 30, we will continue our business from last Friday, that is, the debate on the Young Offenders (Amdt.) Bill, after which we would move to Bill No. 2 on the Order Paper, "A Bill to provide for the

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transfer between Trinidad and Tobago and other countries of persons convicted of criminal offences and for the enforcement of sentences passed upon them, and for purposes incidental thereto and in connection therewith."

Question put and agreed to.

House adjourned accordingly.

Adjourned at 5.28 p.m.