

Leave of Absence

Wednesday, December 14, 1994

HOUSE OF REPRESENTATIVES

Wednesday, December 14, 1994

The House met at 1.40 p.m.

PRAYERS

[MADAME 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 Arouca North (Mr. Jarette Narine).

PAPERS LAID

1. Annual Report and Annual Audited Statement of Accounts of the Central Bank of Trinidad and Tobago for the year ended December 31, 1993. [*The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley)*]
2. Report of the Auditor General on the accounts of the National Broadcasting Service of Trinidad and Tobago Limited for the year ended December 31, 1993. (*Hon. K. Valley*)

To be referred to the Public Accounts (Enterprises) Committee.

3. Report of the Auditor General on the accounts of the Non-reimbursable Technical Co-operation Agreement ATN/SF-3388-TT between the Government of the Republic of Trinidad and Tobago and the Inter-American Development Bank for the year ended December 31, 1993. (*Hon. K. Valley*)

To be referred to the Public Accounts Committee.

ORAL ANSWERS TO QUESTIONS

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, by agreement with the other side we defer all questions to the next sitting of Parliament which would be on Friday, 16.

The following questions stood on the Order Paper:

**Acquisition of Land
(Procedure)**

16. Would the Minister of Community Development, Culture and Women's Affairs state:-

- (a) What is the procedure for the acquisition of land for the purpose of building community centres?
- (b) Whether the Palmiste Village Council, via Longdenville has applied for the acquisition of land by following such procedure?

If the answer to (b) is in the affirmative, would the Minister state what is the status of such application?

- (c) When would such acquisition be completed? (*Mr. R. Palackdharrysingh*)

Water and Sewerage Authority

19. Can the Minister of Public Utilities indicate to this House when the Water & Sewerage Authority will undertake the following works:-

- (a) Laying of a new 16" main from the Barrackpore Police Station to the Clarke Road Booster?
- (b) Laying of new mains at Katwaroo Trace?
- (c) Refurbishing of the Penal Water Works?
- (d) Replacing of the AC Mains referred to as the Daisy Mains along Cottage Road and Rochard Road? (*Mr. S. Hosein*)

Road Repair

- 24.** (a) Is the Minister of Works and Transport aware of the deplorable condition of the Papourie Road from the junction of Ciperio Road and Lalbeharry Trace, Barrackpore?
- (b) If the answer is in the affirmative, will the Minister state when will this road be resurfaced and/or repaired? (*Mr. S. Panday*)

Importation of Copra

25. Will the Minister of Agriculture, Land and Marine Resources please state:-

- (a) How much copra has been imported into Trinidad and Tobago under the present Oils and Fats Agreement?

- (b) How will the fulfillment of the terms of the said Agreement affect the coconut farmers in Trinidad and Tobago? (*Mr. S. Panday*)

Pavement Construction

26. Could the Minister of Works and Transport state when will a pavement be constructed between the Ste. Madeleine Health Centre and the entrance to the Petit Morne Settlement? (*Mr. S. Panday*)

Divestment of Real Estate Holdings (Trintoc/Trintopec)

27. Can the Minister of Energy and Energy Industries indicate to this honourable House:-
- (a) What plans does Petrotrin or the Government have for divesting the real estate holdings of Trintoc and Trintopec which were not vested in Petrotrin?
- (b) What mechanism is going to be employed to ensure that there is transparency in this divestment process?
- (c) If any such holdings have been divested, to whom, and at what price?
- If the answer to (c) is in the affirmative, can the Minister indicate the procedures involved? (*Mr. S. Hosein*)

Handover of Lands

28. (a) Can the Minister of Energy and Energy Industries indicate to this honourable House how soon Petrotrin intends to hand over lands on which there are public recreation grounds to the regional corporations under whose jurisdiction they fall?
- (b) Is the Minister aware that this matter has been pending for several years and can he indicate what steps have been put in place to expedite the handing over? (*Mr. S. Hosein*)

Disaster Preparedness Plan (Appointment of Committee)

35. (a) Could the Minister of National Security indicate whether a committee was appointed by his Government to prepare a Disaster Preparedness Plan for the Point Lisas Industrial Estate and its environs? If it did appoint such a committee, could the Minister state whether the committee submitted a report and give the reasons for the appointment of such a committee?

- (b) If the committee reported, could the Minister state to this honourable House the material finding in the report and could the Minister state whether he would lay the report in the House of Representatives? If the answer to this part of the question is in the negative, could he give reasons for refusing to lay same?
- (c) Could the Minister state what plans (if any) exist to deal with a disaster at Point Lisas? (*Mr. R. L. Maharaj*)

**Youth Training Employment Partnership Programme
(Funding)**

- 36.**
- (a) Could the Minister of Education state whether the Government of Trinidad and Tobago was funded by any agency or agencies to implement the Youth Training Employment Partnership Programme (YTEPP)? If it was so funded, could the Government give the name or names of the agencies and the amounts contributed?
 - (b) Could the Minister state whether the Government of Trinidad and Tobago contributed to the funding of the YTEPP and, if so, give the details of same?
 - (c) Could the Minister indicate if use was put to the funds received and, if so, state the purposes for which they were used, giving the amounts spent and the purposes for which they were spent?
 - (d) If moneys were used to pay salaries and rental of any buildings, could the Minister give particulars of the location of the buildings, the posts of the personnel and the amounts paid in respect of each?
 - (e) Could the Minister state whether moneys were used by officials of the Programme for foreign travel and, if so, please give the names of the officials and the purposes of the travel?
 - (f) Could the Minister state whether retired public servants were employed in the Programme and/or are employed in the Programme and, if so, whether unemployed persons could not have done the jobs performed by the retired public servants?
 - (g) Could the Minister give a summary of the activities of the Programme? (*Mr. R. L. Maharaj*)

**Polyclinic
(Establishment of)**

- 40.** Would the Minister of Health state:-
- (a) Whether Government has taken a decision to establish a Polyclinic instead of re-opening the Princes Town Hospital?
 - (b) If the answer is in the affirmative, will the Minister state whether the present building is adequate to accommodate this Polyclinic?
 - (c) If the answer is in the negative, will the Minister state what arrangements are being made for same? (*Mr. M. Haniff*)

**State Companies/Agencies
(Divestment/Privatization)**

- 41.** Would the Minister of Finance state:-
- (a) How many state companies/agencies have been divested/privatized since 1992 to date?
 - (b) How many more state companies/agencies are currently being divested/privatized?
 - (c) How many other state companies/agencies are listed for divestment/privatization?
 - (d) What sum of money Government received to date from each state company/agency divested/privatized?
 - (e) How is the money being utilized or what proposals are there to utilize same? (*Mr. M. Haniff*)

Questions, by leave, deferred.

**PUBLIC HOLIDAYS
(Appointment of Committee)**

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, I beg to move:

Be it Resolved:

That this House consider it expedient that a Committee of both Houses be appointed to consider the entire question of public holidays.

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Be it further Resolved:

That the following five Members of the House be appointed and nominated to join with a select committee of equal number appointed and nominated by the Senate to consider the entire question of public holidays:-

Mr. Augustus Ramrekersingh	Member
Mr. Desmond Allum	"
Dr. Rupert Griffith	"
Mr. Sahid Hosein	"
Mr. Chandresh Sharma	"

Madam Speaker, Members will remember that this committee was appointed in the previous session of the Parliament. The Government now desires—and in consultation with the Opposition it has agreed—to re-establish this committee to look at the issue of public holidays.

Question proposed.

Mr. Trevor Sudama (*Oropouche*): Madam Speaker, I want to make a brief intervention. I am not satisfied that if we appoint this committee it will report expeditiously to the Parliament. I want to refer to the history of the appointment of committees of this sort. After I had tabled a motion in this House in the Parliament of 1986—1991, that Indian Arrival Day, May 30, be declared a public holiday, the NAR government proposed that a committee be appointed—and this was at a sitting of the House of Representatives held on May 3, 1991; fully seven months before that Parliament was prorogued. The House agreed to the following resolution, the first part of which was the report of the Constitution Commission, 1987: “That this House consider it expedient that a committee of both Houses be appointed...” and secondly, “to consider requests by various organizations and individuals for public holidays in Trinidad and Tobago.”

That committee never considered the question of public holidays in Trinidad and Tobago. That committee, really, was a committee to defer consideration of public holidays, and not to have it put on to the agenda of Parliament, simply because my motion was pending to have Indian Arrival Day declared a public holiday. Therefore, it lapsed.

Madam Speaker: But if the House agrees, could it not give a deadline by which this committee ought to report?

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Mr. T. Sudama: That is what I am going to propose, Madam Speaker. You see, when this new Parliament session began on November 6, 1992, this Parliament appointed a committee to consider the question of public holidays.

Madam Speaker: And that is the one that lapsed?

Mr. T. Sudama: Right. The whole of the 1992/1993 session lapsed. This committee met; I believe it had certain deliberations, and no report was submitted to this House.

In the 1993/1994 session, no committee was set up. My motion is before this House again and here we have this motion to have a committee of the House set up. I am deeply suspicious of the motives and I am requesting an amendment to this motion, to read as follows:

"That this House consider it expedient that a Committee of both Houses be appointed no later than January of 1995 to consider the entire question of public holidays..."

1.50 p.m.

Madam Speaker: We are appointing the committee. The Member need not state "appointed no later than"; we are going to appoint the committee now. I think what the Member's amendment should consist of, if the Member so wishes, is the question of the time for reporting, but we are about to appoint the committee now.

Mr. T. Sudama: Madam Speaker, you will recall that it is a committee of both Houses, not a committee merely of the House of Representatives. The question of the meeting of this committee has to depend on the appointment of Members in the other place. If no such appointment takes place, this committee will be still-born. I am saying that the Motion should state that:

"...a committee of both Houses be appointed no later than January 1, 1995, to consider the entire question of public holidays and report back within one month of its appointment."

Because this matter has been extensively considered.

Mr. Valley: Madam Speaker, while we agree that a deadline is appropriate—

Madam Speaker: I think the Member is saying that instead of a committee of this House, it should be a committee of both Houses.

Mr. Valley: I have no problem with that, Madam Speaker. What I am saying is that we think one month is too short a time. I know much work has already

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been done, but we suggest that the committee be allowed to report by March 31, 1995.

Mr. T. Sudama: Madam Speaker, I would agree to March 31, with no extension to that deadline; I do not trust the Government.

Madam Speaker: May I have the further resolution before the House.

Mr. T. Sudama: That this House consider it expedient that a committee of both Houses be appointed no later than January 1, 1995 to consider the entire question of public holidays and report—

Madam Speaker: Can I borrow the Member's copy of the Motion?

Mr. T. Sudama: Madam Speaker, I do not have it written down, it is all in my head.

Madam Speaker: Hon. Members, the question is that a committee of both Houses be appointed to consider the entire question of public holidays and that that Joint Select Committee report no later than March 31, 1995.

Question, on amendment, put and agreed to.

Question on original motion, as amended, put and agreed to.

Be it resolved:

That this House consider it expedient that a committee of both Houses be appointed no later than January 1, 1995 to consider the entire question of public holidays and report no later than March 31, 1995.

Be it further resolved:

That the following five Members of the House be appointed and nominated to join with a Select Committee of equal number appointed and nominated by the Senate to consider the entire question of public holidays:

Mr. Augustus Ramrekersingh;

Mr. Desmond Allum;

Dr. Rupert Griffith;

Mr. Sahid Hosein; and

Mr. Chandresh Sharma.

ORDER OF BUSINESS

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam Speaker, I beg to move that the House do now consider Bill No. 1 on the Order Paper rather than the Motions listed.

Assent indicated.

**TRINIDAD AND TOBAGO ELECTRICITY
COMMISSION (AMDT.) BILL**

Order for second reading read.

The Minister of Energy and Minister of Public Utilities (Sen. The Hon. Barry Barnes): Madam Speaker, I beg to move,

That a Bill to amend the Trinidad and Tobago Electricity Commission Act be read a second time.

The Trinidad and Tobago Electricity Commission (Amdt.) Bill, 1994, which I have the honour to present to this House has come from the other place and incorporates the amendments that were proposed by the other place, and accepted by the Government.

Out of that debate, and indeed, out of the public comments which occurred thereafter, one recognizes that there was, in fact, less of a concern about the actual Bill than other matters. Nevertheless, I would like to spend some time dealing with the actual provisions of the Bill.

The present T&TEC Act vests the exclusive right of generation and supply of electricity in the Commission. It is the province of the Commission. Even so, the Act also establishes a regime of licensing under which—upon the recommendation and approval of T&TEC—a number of firms have been granted, for instance, standby generating licences: high-rise buildings with the need to maintain some form of electricity for operation of lifts and security lights; banks that have sensitive computer equipment that must be ensured of continued supply; some of WASA's and TSTT's main installations. That kind of service is permitted under the licensing, so that there are other generators.

More than that, there is a licensing of self-generators. Tringen comes to mind, running 20 megawatts of plant on a continuous cogeneration basis, essentially supplying their own requirement, licensed so to do. Perhaps, the interesting illustration is Petrotrin at Point Fortin where they not only supply a licence to do their own generation, but, in fact, for particular reasons, also supply into T&TEC's system and customers for and on behalf of T&TEC. That arrangement is offset on the basis of the electricity that they buy from T&TEC in respect of the Pointe-a-

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Pierre refinery and other areas and they offset the quantity of electricity they supply on behalf of T&TEC out of that billing.

I am saying this to illustrate that the right vested in T&TEC to generate electricity and, indeed, to supply electricity has, even within the framework of the existing Act, been applied under a licensing system—under the administration and regime of T&TEC—to allow others, where T&TEC has considered it necessary also to generate on standby, self-generation, and indeed, into supply to T&TEC system.

In a country where, of necessity, we are seeking to accelerate our natural gas developments, in terms of the setting up of a new industrial estate at La Brea; where we are seeking to bring in LNG and ammonia plants, and where, in the face of a growing demand for electricity, we looked at the Act in terms of empowering T&TEC to fulfill its obligation to ensure an adequate supply to the nation by realizing that T&TEC does not have to do it. We can legislate to allow an approved generator of electricity to come in; established by order, who will, in fact, generate electricity, not for their self-purpose nor for standby, but for the express purpose of supplying to T&TEC into the national grid and to empower T&TEC to enter into power purchase agreement with such an organization.

2.00 p.m.

So that, in effect, it gives T&TEC greater flexibility to respond to the opportunities, and developments in the market. In several other countries in the world, as I think hon. Members all know, that is indeed a commonplace thing, where companies, in fact, supply into the grid system on an agreed power purchase arrangement.

Having said that, if I may just look at the amendments that are now proposed:

Clause 4(a) amends section 31 of the Act, and one will see that T&TEC is now enabled and empowered, with the consent of the Minister, to participate in the formation of companies or firms which propose to engage in the generation of electricity; permitted to hold shares or to be a partner and exercise the rights of a shareholder or partner in companies or firms engaged in the generation of energy; with the consent of the Minister, purchase energy from an approved generator of electricity and to grant loans to an approved generator of electricity.

Another thing that we are seeking to do in terms of this Bill, is to allow an approved generator of electricity who may wish to get into electricity

generation for purposes of supplying electricity to T&TEC, to see from the very reading of the Bill that there would be some commercial advantage to them to have T&TEC as a shareholder, as a participator, and even in a very small way, that it will give them certain advantages in so doing. We believe that, in fact, will strengthen T&TEC. It will keep T&TEC in generation to fulfill the obligation it has to ensure the adequate and proper supply of electrical energy in Trinidad and Tobago.

In that kind of framework we have proposed an amendment permitting T&TEC to enter into contracts of guarantees, surety or indemnity, create charges, liens, encumbrances or other forms of interest over its property and assets and give all other undertakings that one would expect in the formation of that kind of company and the day-to-day obligations that will occur.

The amendment on page seven under clause 3, is merely extending this, "do all things necessary, appropriate or incidental to its duties, functions and powers."

Madam Speaker, there is a revision to clause 31(3) of the Bill. That clause, in fact, specifies the exclusive right of T&TEC over both the generation and supply. As it is written, it is combined. What we have done there is to separate it and deal with generation and supply; transmission distribution as two separate entities. We are substituting

"3A Subject to the Act, the right to supply energy in any part of Trinidad and Tobago to the public or any member thereof is vested in the Commission."

The right continues to be vested in the Commission:

"who may subject to subsection (5), enter into a licensed agreement with an approved generator of electricity permitting the non-exclusive right to generate electricity."

The intention is not to create a monopoly, the intention is to allow, as we go on, an openness in the market-place to allow one or more approved generators of electricity to function as the demand for electricity grows over time.

"3B Subject to this Act, the right to supply energy in any part of Trinidad and Tobago to the public or any member thereof, either directly or indirectly, is vested in the Commission or the right to lay, place and carry electric appliance through across or over and under any land...direct standards for that purpose are vested in the Commission exclusively and shall not be transferred or assigned to an approved generator of electricity."

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Again, a very clear distinction, a very clear limitation. The requirement that T&TEC remains directly in charge of the transmission and distribution of electricity as their obligation to the individual citizens of Trinidad and Tobago. The supply of electricity to our houses, the billing to the customers will continue as the sole domain of T&TEC.

- 3C The Commission "may...by Order, declare a body corporate or firm to be an approved generator of electricity.
- 5 The right of an approved generator of electricity to generate energy is subject to such terms and conditions as the Minister may determine."

Clause 5—There has been much concern about this. It is really for the sake of tidiness. It is not any intention that a registrar's office in T&TEC should be substituted for the Red House. It is merely that as time goes on, this requires T&TEC to hold available for scrutiny in its own offices a list of any encumbrances and so forth, it may have on its property and it says anybody that is dealing with T&TEC is deemed to have knowledge of this because it is available for him to enquire very easily.

2.10 p.m.

I come to clause 6. The Government wishes to put T&TEC in an empowered position, with enabling legislation to allow it to encourage the expansion of the electricity sector in Trinidad and Tobago, as may be required by the introduction of approved generators, as our gas developments take place. To do that the Government recognizes that it would have to be done with the support of Government.

Mr. B. Panday: I thank the hon. Minister. I just wanted to get one point clear. The point the Minister is making is that this Bill is going to allow T&TEC to encourage future expansion. Is he saying that the present deal that they have does not envisage expansion of the generating capacity?

Hon. B. Barnes: If the hon. Member would permit me, I do intend to get on to that matter later.

In fact, this cannot be done, in real terms, without the support of Government. In effect, this clause is saying that the Government, in the circumstances, may be required to guarantee that T&TEC would perform the obligations into which it may enter with an approved generator of electricity. It is a purchased arrangement; they must pay for the service. It is a situation in which T&TEC, particularly if an approved generator of electricity is totally dependent on it coming into the

national grid, where it has within its own power, the ability to frustrate the performance of that, because it owns the transmission system. It owns the receiving facilities.

In that kind of scenario it may be necessary for the Government, so to speak, to guarantee that T&TEC perform its obligations which it has entered into, in respect of such arrangements. Even so, limitations have been put on this to date:

- (b) "...to indemnify an approved generator of electricity from and against such costs, liabilities and damages, where such costs, liabilities, damages or losses occur as a result of—
 - (i) the imposition of environmental standards.”

The only body that can, in fact, impose new and higher standards, is the Government itself.

- “(ii) the condition of any building, plant or equipment of the Commission prior to its transfer to an approved generator of electricity under clause 33A(1),
- (iii) the presence on or below the surface of any property of the Commission of any hazardous material prior to the transfer of that property to an approved generator of electricity under clause 34A(1);
- (iv) legal proceedings brought against the Commission, in which an approved generator of electricity is joined as a party.”

That does not need any real explanation.

A generator of electricity is supplying into the national grid, going through the transmission system and the customer is T&TEC's customer and contract. The source of electricity may be coming from several different locations. If someone says that his fridge is burnt out, it is T&TEC's fault, but there is somebody generating electricity, I would join them in the action. He would be held indemnified against that sort of arrangement.

Clause 34A (1) states:

"...where an agreement has been entered into by the Commission with the other shareholders or partners of an approved generator of electricity of which the Commission is a shareholder or partner, the Commission may, with the approval of the Minister, by Order transfer and vest in that approved generator of electricity any of its property, assets, rights, powers and obligations."

That applies where T&TEC is a shareholder. Again, looking at that I think a possible potential approved generator would see some advantage in seeking to ensure that T&TEC is a participator.

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“(2) The Commission may enter into a licence agreement with an approved generator of electricity permitting an approved generator of electricity the non-exclusive right to supply electricity.”

The situation could be such—again I take La Brea as an example. There are long vulnerable transmission lines from Point Lisas. If there was such a company operating in La Brea one might wish, in fact, to afford them the opportunity to supply the plants that are around them, if only for the reliability or the security of supply. More than that, if one looks under the licensing section of the existing Act, one would see that T&TEC is empowered, even at this time, under rather more restricted circumstances to make exactly that kind of arrangement which is indeed the arrangement that applies at the Petrotrin/Point Fortin.

Clause 7(a) states:

“the exercise of that right by the approved generator of electricity shall be subject to such terms and conditions as are specified in the Order, including a provision—

- (i) specifying the period during which the right may be exercised;
- (ii) requiring the approved generator of electricity to pay to the Commission a fee for the use of such electric lines and apparatus of the Commission as may be necessary for that purpose;”

That is very clear.

Section 49 of the Act, in a way, protects the Commission; allows it, in the event of a shortage of electricity supply, to shed load to reduce the supply to anybody without penalty and because there is an approved generator, in fact, authorized by T&TEC in that matter to participate in the supply under this section, one is saying that there would be the same protection as if T&TEC was supplying it directly itself.

Clause 34B(1) states:

“The Stamp Duty Act and the Value Added Tax Act, 1989 shall not apply to a transfer under section 34A(1).”

This is the transfer of T&TEC's assets to an approved generator of electricity in which we are participating.

- “(2) The Stamp Duty Act shall not apply to a transfer or shares, or an issue or transfer of debenture stock, of an approved generator of electricity of which the Commission is a shareholder.
- (3) Notwithstanding any other written law, the President may, by Order, grant to an approved generator of electricity such exemption from the payment of stamp duty, customs duty, value added tax and any other taxes or duties payable on imports for such period and on such conditions as are specified in the Order.”

2.20 p.m.

Again it reflects a condition which T&TEC enjoys in respect of the importation of generation equipment, spares and so forth. In terms of an approved generator, the President may under this, grant the similar provisions and exemptions for approved generator of electricity.

Clause 9, in a way is tidying up the existing Act. It is about income tax and since that time we have had the Corporation Tax law and that applies to the Commission.

"(2) The Corporation Tax Act shall not apply to the profits or income of the Commission.

(b) by inserting after subsection (2), the following subsection:

(3) The Commission is exempt from the payment of stamp duty."

Both Acts coming in after the main Act was drafted and it is a question of tidying up.

So, Madam Speaker, in terms of the Bill itself, it does not in any way interfere with the Commission's vested rights of generation and supply. It certainly does not interfere in any way whatsoever with the Commission's exclusive hold over distribution, transmission, lamp standards, street lighting and so forth. It relates specifically to a new class—beyond standby generation, beyond self-generation—the formation of a company, an approved generator that requires slightly different treatment. Under the existing licensing arrangements, there is a limitation on time. What we are really looking at is a company being set up to run generation—a company which hopefully will be there in perpetuity.

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Having dealt with the actual clauses in the Bill, as I said earlier, out of the debate in the other place and certainly from the press attention and the attention of others, it has become very clear to the Government that there are other matters and concerns that need to be addressed. I myself certainly feel obliged to clear up the considerable amount of misinformation which seems to have circulated around this issue.

What happened in terms of the debate on this Bill was clearly the recognition that at the present time, after a very long process, a team—T&TEC, the Divestment Secretariat, the IFC—are meeting with Amoco/SEI negotiating to set up a joint venture company, with T&TEC owning 51 per cent, but will upon completion of negotiation and agreement, own and operate the three generation plants which T&TEC currently owns in Trinidad and Tobago.

Mr. Sudama: Are you saying that they are in the process of negotiating, not the agreement, but whether there will be a joint venture partnership? Are they negotiating the terms and conditions? Am I correct?

Hon. B. Barnes: Perhaps I had better start at the beginning. This is what I was leading to—to rehash something that started maybe in 1993, when T&TEC approached the Government and said that in accordance with the 20-year generation programme, 1991—2010—this was a document prepared in 1990—part of T&TEC's planning process, recognizing and projecting the demand for electricity, taking due account of T&TEC's financial capacity, taking account of the age and stage of its generating plant, T&TEC's considered professional view was that over the 20-year period, the demand for electricity in Trinidad and Tobago would require the installed capacity of generating plant at T&TEC to move from 1,178 megawatt, which is what they have today to 1,550/1,560 megawatt.

Mr. Sudama: Would the Minister give way? I am sorry to interrupt, but it is very important that I get my facts straight in order to make my contribution.

The report to which the hon. Minister refers is called *Generation Expansion Planning, 1991 to 2010*. Is it a fact that that was completed and submitted in 1990? Could the Minister explain to this House, if that was so, why this was drawn to the attention of the Minister of Public Utilities only in 1993?

Hon. B. Barnes: It was not drawn to the attention of the Minister in 1993. Out of this came an approach to Government saying that T&TEC needed either funding, or a guarantee for the provision of 150 megawatt of additional capacity by a certain date. That should be completed in 1996.

The focus seems to be on that isolated fact. This is a total generation plant and what T&TEC was saying and, indeed, is still saying, is that this is our plant, this is the availability, we recognize that there will be the need for rapid and increased refurbishment of plant. To do that we have to take the plant out of operation. The steel turbine in Port of Spain, which has a 50 megawatt capacity is 30 years old, which is the design life of a steam turbine—that needs to be rebuilt. ERT Technology of the UK has in fact done an assessment on that turbine. On that basis, T&TEC was saying that the turbine had to be taken out of service and completely rebuilt and that it would take two years to do the job which would cost approximately \$90 million. When they complete that, it will then have an additional life of about 15 years. Its sister is in fact one year younger—29—so that when we complete that we will have to go on. While we are refurbishing these equipment, they are not available, demand is growing, we start to get a reliability/availability problem.

2.30 p.m.

To allow us to ensure the continued supply of electricity to the country without the risks of load shedding and disruption, it is our judgment that what we should do is to bring in so much additional megawatt, to give us the necessary cushion so that we can do as Ernst & Young has suggested: speed-up refurbishment of plant, to bring our overall availability criteria from the 63 per cent, which it has been averaging for the last five years, to the 75 per cent that everybody says should be the norm.

Mr. B. Panday: May I repeat the question I asked the hon. Minister earlier? Does the present deal with SEI/Amoco contain provision for the installation of increased added generating capacity?

Hon. B. Barnes: I would answer the question directly. The present arrangement with SEI/Amoco requires a joint venture company to be formed to give an undertaking to have a guaranteed capacity available year-by-year to a peak, I think, of 828 megawatt in the year 2000.

Mr. Sudama: Did we need SEI/Amoco to do that?

Hon. B. Barnes: No. The power purchase agreement that they will sign with T&TEC will go on for 15 years. The projection that we have for the company that is not yet even formed, gives the undertaking that they will meet certain availability criterion up until—*[Interruption]* No, I said it goes up to five years. Let me make the point that the fact of the matter is the projection of T&TEC says—and the question should not be in doubt—that the installed capacity

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required will be 1,560 megawatt, the installed capacity to date is 1,178 megawatt. In fact, in terms of the projection—and this was the important point—it was not so much a question of 150 megawatt today or in 1995/1996, but also the projection that in terms of meeting this requirement over the period, there would be the requirement—and I have the Ernst & Young report—for six expansions over the period.

It may sound a little strange just speaking about it as we are, unless we understand the equipment that we are talking about; Port of Spain Power Station, there are six steam units, Parsons/Babcock and Wilcox 50 megawatt, installed in 1964, 30 years today. The design life of a steam turbine is 30 years. Unit two, its sister, Parsons/Babcock and Wilcox another 50 megawatt, installed 1965, so that if one were taking those two units out for refurbishment, one would have 100 megawatt that is not available. Unit three, steam; General Electric/Babcock and Wilcox, 1969, that is 25 years old, 80 megawatts. Four, steam, General Electric/Babcock and Wilcox 1974—well that is 20 years old, that is a little younger. And the Black Start units that allow one to restart from a total blackout—and we need those and they are not really on line—they are 24 megawatt, standby units, those were put in 1984/1985. So that our Port of Spain power station, the actual working units range from 1974, 20 years old to 1964, 30 years old They are steam turbine—design life 30 years, at the end of 30 years or thereabouts those units are to be taken down and rebuilt from scratch.

Point Lisas, 12 units, two John Brown, installed 1978, 16 years old; two Westinghouse 86 megawatt each, 1977 and 1980; Asea Brown Boveri four of them, 62.5 megawatt each—1981, 1980; 1980, 1981; two Westinghouse, 86 megawatt turbines 1982, 1982. Steam turbine 30 years design life; gas turbine 20 years design life.

In terms of the projection, T&TEC is professionally quite correct, recognizing that within that time span there is an extensive programme of refurbishment that is required, and they are saying to do this, one has to cover for the market; cover for the demand of the country if one wants to maintain one's reliability by installing new plant to give the necessary cover as one takes these plants out for servicing.

The reality is, that in terms of that programme neither T&TEC nor indeed the Government of Trinidad and Tobago had at that time the necessary capability to finance the programme that was laid out. Indeed, T&TEC was asked to go back and look and they came up with a—

Mr. Maharaj: I wonder if the hon. Minister would give way. You said finance the programme that was laid out. I would like to know, finance the programme which was laid out in which report? We have a copy of the Ernst & Young report also.

Hon. B. Barnes: The programme which was presented by T&TEC to the Planning Committee on Energy, they were allowed to make a complete presentation—they are here in this House, one could ask them—and get a sympathetic reception. They were asked to go back and look at that programme to come up with a less capital cost solution so that one would phase the expansions differently.

Since the question was raised about the Ernst & Young Report and since it has also featured very strongly in another document, Madam Speaker, let me quote parts of it. *[Interruption]* It is the same one which the Member has. It says:

"At the time of the examination 11 months of 1990..."

Mr. Maharaj: What page is that?

Hon. B. Barnes: It is Generation Overview, the bottom paragraph, Findings (1) It says:

"Over the 11 months of 1990, the unavailable plant was averaged 37 per cent..."

In other words 63 per cent of the installed plant was available over that period and it went on to say:

"...that the history over the previous five years has shown that 63 per cent availability was above the average."

2.40 p.m.

Hon. Member: That is on the basis of *[Inaudible]* over the last five years.

Hon. B. Barnes: No, I am talking about Ernst and Young reporting the history of T&TEC in 1990. *[Interruption]* This is what I am trying to do to deal with the improved procedures.

"There are two basic causes for the lack of generation unit availability. The first cause is the extended plant overhaul duration. This issue would be covered in a subsequent finding. The second cause is the lack of generation maintenance spare parts and the long need time required to order and obtain these spare parts."

In the second paragraph at page 45:

"In a utility situation that is not so severely capital constrained, spare parts would be available particularly for similar generating sets. For example, at Point Lisas with four Brown Boveri gas turbines and four Westinghouse gas turbines, it would be a common utility practice to maintain a full set of spare parts for each type of machine. The parts for the Westinghouse machine would cost about \$50 million and for the Brown Boveri machines about \$30 million, \$80 million in insurance spares.

Similarly, with common units at Port of Spain generating station about \$30 million in steam plant spare parts and \$6 million in gas turbine plant spare parts would normally be at hand, \$36—\$116 million. At Penal about \$25 million would be invested in gas turbine blades, at \$25—\$141 million."

They go on to say very kindly:

"In recent years cash constraints have limited T&TEC's ability to purchase generation spare parts that they would have liked to obtain. Subsequent to the completion of Ernst and Young's field work the T&TEC board approved an \$11 million request for generation spares."

Having said that what we require to start is \$141 million, and that is just to hold them in stocks until something goes wrong and you can put them in and get it working quickly. When you have to do that under this programme what you do is order the next one right away, so it is there. That is what we are talking about. It goes on:

"To quantify the potential benefit from going to reduce plant overhaul outage durations we ask T&TEC engineering personnel to run their system expansion planning model with the revised generator maintenance overhaul schedule. The result of these engineering study modifications was delay; the first planned 100 megawatt combined cycle combustion addition of the expansion by two years beginning the second year after the date on which the plan is implemented. Additionally, instead of adding six new units over the 20-year planning horizon only five units were required."

We are not talking about one expansion, we never talked about one expansion. They are saying that even if one gets up to 75 per cent availability what it does for you, instead of having to put six expansions you would only have to put five. But that is not all. The final paragraph states:

"The overall cycle improvements would not be immediately realized, if sufficient capital were injected today, it would be at least two or three years

before increased overhaul durations could be achieved. This is due to the five year overhaul cycle and the fact that additional generation maintenance mechanics and technicians will need to be hired, then trained before they can contribute to a reduction of the overhaul cycle. Thus, it will take seven to ten years to fully realize these improvements and to fully work through the overhaul cycles to include all machines."

That is Ernst & Young—that is what they are saying—that if we start today and we have to go from 63 per cent availability to 75 per cent availability, and if we have all the money available to buy all the spares that we require and that they recommend that we should hold, we would still have to wait seven to ten years before we can achieve the aim that we are seeking. What happens in the seven to ten years? As the demand increases and the reliability and the availability of plant suffers, the one thing that is absolutely certain is that the steam turbine that is 30 years old today at the end of the seven years will in fact be 37 years.

These are circumstances of a country that desperately needs to encourage new investment to seek to optimize and maximize as quickly as possible the development of its gas reserves, and the encouragement of gas processing plant. Another point I would like to mention. In Trinidad and Tobago we have a peculiarity. If one examines our electricity demand one will find that 61.5 per cent of that demand is industrial; and it is an industrial demand that is committed, essentially, to refinery operation and to a continuous flow of gas processing operation. Madam Speaker, I am talking about highly explosive material that operates at considerable pressures and even more considerable temperatures; and the reliability of the supply of electricity to those plants is paramount.

There is no question about off-peak load and on-peak load. There are 24 hours a day. The modern ones are computer controlled. The cat cracker at the Point Fortin refinery under full charge with pumps going, if the electricity stops and those pumps stop—well, I have been there and my friends at the OWTU are still there—and they know. What happens then is that we have to shed load. The Member for Oropouche has made this accusation in respect of water. This is not correct because if one goes to Point Lisas one will see, in respect of water that all the plants need to have tanks and they have closed circuit systems.

2.50 p.m.

Madam Speaker, the technology of the world has not yet found any safe way to store electricity, and when it gone, it gone. What happens is that in the face of the kind of plant that we have and the kind of demand that we have, T&TEC, as a

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responsible organization, if it has to shed load, has to do so in the domestic areas. It cannot shed loads in industrial areas: the risk to life, limb, plants is too great. Caroni/Arena can be secured for WASA, and North Oropouche can be kept on line, but when T&TEC sheds the domestic load, it is the offices, the schools, the houses and all 89 booster stations which are scattered over the country. To contemplate that at the very time when Government is seeing the need to encourage people to come and invest real money to put up gas processing plant, at that point in time, T&TEC is saying it cannot meet the electricity demand; it is in jeopardy.

The Government set up a task force from the Energy Committee with T&TEC to sit and look at what was facing us, and out of that discussion there came the recognition of a number of things. What continues to surprise me—this is a personal statement—is that our colleagues fail to see that the Government did not say to sell T&TEC's generation assets—it did not say that at all. I hear divestment and all kinds of things. The decision which the Government sought to implement was to get a joint venture partner—

Mr. Sudama: Who will wield the stick.

Hon. B. Barnes: —who, because of rather better financial strength and perhaps rather better technological expertise than T&TEC, could come in and strengthen the generation sector of Trinidad and Tobago and give us the guarantee that the requirement for the electricity that this country needs will be maintained over that period.

There was an intervention which took the form of a letter that has almost become a public document. My friends in the OWTU—and not without merit—wrote a letter that says in very broad terms: “No to Privatization” and started off by taking, I am afraid, an ideological position—“No form, no way, no nothing.” Ernst and Young had said so and so. Recognizing the difficulty, their solution was:

"(1) Improving and refurbishing the availability of existing plant."

They quote Ernst and Young; I have quoted Ernst and Young. The findings of Ernst and Young—7 to 10 years if there is all the money and all the spares. I continue:

"(2) Reducing the generation reliability criteria slightly."

The reliability criteria is set to ensure that there is not more than an acceptable level of outages. If that criteria is reduced in terms of planning, what one is saying is that one accepts that more outages are likely to occur. It goes on:

"(3) Demand management."

Madam Speaker, 'demand management' is a professional term. It is very much the same as the professional term which WASA uses: 'scheduled supply'. In the common understanding of words, 'scheduled supply' is water rationing. Demand management—education programmes could tell people to turn their lights off—makes no difference. What really hits is that one increases one's electricity tariffs to the point where it starts hurting people and they voluntarily start conserving, which makes very little difference because that is optional usage. Demand management in its correct form—and one can ask T&TEC because they understand it only too well—is being carried out very skilfully in Jamaica and Guyana at present. The demand is managed by shedding the load. When there is a stage when the load cannot be met, then the load is shed; and it is managed because instead of shedding in the same place all the time, it goes from area to area.

Those of us who were there in the 1970s—the hon. Member for Chaguanas will have to talk to one of the elders for the memory—will remember the period in which outages were a daily item, and all of us learned the difference between an outage and a blackout. I believe, eventually it was said that it was an outage rather than an outage—that kind of business. It was only solved by a fortunate accident of history—it started to occur just about the time when Amoco was coming ashore with East-coast crude for the first time in 1972; then in 1973 there was the first oil price shock and oil went from \$1.68 per barrel to \$14 per barrel, so we then had the wherewithal.

3.00 p.m.

Indeed, Madam Speaker, when I listed the turbine equipment, as we have it, Point Lisas—all of the plant running is seven years—tremendous exercise. But since we have put in turbine plant with a 20-year design life and have put it all, in a relatively compressed period, you know that 20 years later we have a serious problem, because they are all coming of age at the same time.

Mr. Sudama: Who was the Chairman of the Board at that time?

Hon. B. Barnes: Unless one can be satisfied that one has the same kind of revenues going, then one has got a serious problem. So Madam Speaker, I am merely saying—

Madam Speaker: The hon. Minister has 10 more minutes—just to guide the Minister.

Hon. B. Barnes: Yes, Madam Speaker, what I am saying is that the matter was technically sound, based as it was, on the same 20-year generation plan—an

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Ernst & Young proposal. But the Government could not seriously, willingly accept a proposal that said the answer is demand management at the very same time when we were striving, in fact, to bring in plant and investment that would increase the requirement for electricity.

Mr. Sudama: Among other things.

Hon. B. Barnes: Well, among other things, yes, but that is the crux.

Madam Speaker, having done that, and having decided that there was the need to look for a different solution, certainly look for the possibility that there might be a joint-venture partner who might be prepared to come in and invest, particularly, in recognition of the demand growth that was being promulgated, the Government authorized T&TEC to go out and see, by local and international tender, if they could find such a partner.

Madam Speaker, recognizing that even after 32 years, as a country—but it was 31—this whole operation was outside our own experience, Government gave approval to T&TEC to retain the IFC, the private sector arm of the World Bank, to guide them through the process. It started with T&TEC going out on a T&TEC tender document, shown here in the papers, to invite companies to pre-qualify themselves for consideration. They went to 52. After they got the responses, I think, 15 pre-qualified. I have the T&TEC report. Then a tender document was prepared—the Trinidad & Tobago Electricity Commission and the Joint Venture Company—Information Memorandum, as the basis.

More than that, under the guidance of IFC a pre-qualification document was prepared for delivery to these 52 firms. It was designed to elicit broad data on the firms' size, financial status, abilities, scope, engineering basis and experience in ownership and operation of a power plant. The pre-qualification document was published as T&TEC Tender No. 5929 on September 17, 1993, with a closing date of October 15, 1993. In the interim, T&TEC/IFC concentrated on the compilation of data that was required by potential investors for performance of their due diligent studies of T&TEC, and so forth.

Data rooms were prepared. T&TEC headquarters. An information memorandum was prepared and, Madam Speaker, there I have come across one of the difficulties. We are looking at an international tender. We wish to establish the seriousness. We have put ourselves to a lot of trouble. Our people have spent a lot of time preparing the background—data rooms, and so forth. We wish to ensure the *bona fides* of the bidders and that they will take the matter seriously, so we

first of all require them to sign a confidentiality document because we are looking for a partner—complete disclosure requirement. Serious data.

But more than that, Madam Speaker, we ask them, before they can bid, to purchase the document for which they must pay US \$10,000 to acquire it.

Mr. Sudama: That is "chicken feed".

Hon. B. Barnes: I know it is "chicken feed". The point I am making is that this happened—one of the agents of the press, having heard that the document was prepared, called to ask if they could have a copy. It is an inconsistency. This was the document and, Madam Speaker, there are many things in this document, including the insured replacement value of the generation equipment—US \$840,000—that is what they insured for. Replacement value.

Madam Speaker, at Petrotrin it is the same. The catcracker is 45 years old; it is working, producing gasoline for this island and other places. Heaven forbid, but if there is a catastrophic explosion, then what Petrotrin needs to put itself back on its feet is a new catcracker! So it insures for the value of a new catcracker. They have to pay "through their nose" for it—a helluva premium—but that is not the point. Having a depreciated value of a catcracker that is 45 years old cannot help them.

It is the same with T&TEC. Their turbines are 30 years old. At the end of their design life they are functioning. When we insure—heaven forbid again that we will have to replace them. But the document has the insured replacement value and also has the depreciated value.

Mr. Sudama: The question I want to ask is: When is it going to be replaced?

Hon. B. Barnes: Madam Speaker, in addition to this document—

Madam Speaker: You will probably have to deal with that in the reply, so you could probably wind up in a minute or two.

Hon. B. Barnes: Sorry, Madam Speaker, I want to take them through the process and indeed—

Mr. Maharaj: Another time.

Hon. B. Barnes: —through the T&TEC Assessment Report to show them how the thing was done, because that seems to be a major concern.

Madam Speaker: Perhaps later in the debate, the Member may have the opportunity of his reply.

Mr. Sudama: Has the Member ever considered putting this to a Special Select Committee of the House to consider with all the documentation, your full memoranda, so that we can have a better appreciation?

Hon. B. Barnes: It might take you three years just to read the document, but not all.

Mr. Sudama: In the interest of the people of Trinidad and Tobago, I do not mind—I am willing to do that.

3.10 p.m.

Hon. B. Barnes: This is the summary report of the evaluation of Tender No. 5956 for equity participation in generating assets of T&TEC in Trinidad. It says:

"The following are the recommendations:

The joint venture partnership and Southern Electric [*Inaudible*].

Signed: T&TEC; IFC."

I know that my time is up. I thank you for the hearing. I do not know if I have enlightened the House—

Hon. Member: Not at all!

Hon. B. Barnes: —but I would not wish to go beyond my allotted time.

Question proposed.

Mr. Basdeo Panday (Couva North): Madam Speaker, the last statement made by the hon. Minister is probably the best justification I have ever heard for postponing this Bill. That is to say, he admits that there are several volumes of documents which one must peruse in order to understand what the Government is doing, and that if the Government is really interested in transparency, it would have released these documents in time so that they could have been read, studied and appreciated. But instead, the Minister comes here with a bundle of documents and says, well, this House must support the measure he has before the House.

I want to say, first of all, that the only reason the Government is here as part of its divestment programme, is because it is forced by the law to be here. If there were not something called the Trinidad and Tobago Electricity Commission Act, this Government would have gone through with its privatization—its garage sale; fire sale; flood sale, whatever it is doing to the assets of the country—without

coming to this House. So he need not come to this House and tell me anything about transparency and that is the reason it is here, because that is not the reason it is here.

Hon. Member: Nobody said that.

Mr. B. Panday: Nobody said that; I am glad. The reason this Government is here is because of the restriction placed upon the generating of electricity in Trinidad and Tobago and it has to amend the law in order to go into this deal that it has already entered into. It is a slight by this Government. It is one of the reasons the people say that in Parliament, they are only "kicksing." It is one of the reasons people disrespect this Parliament; they have no regard for it; they look upon it with such cynicism, because of the purposes for which the Government uses the Parliament.

In my budget debate I went to some lengths to indicate the difference between the Government and the Parliament. Today is another demonstration of how a government comes here and says it has the majority; it has already made a deal and it has come here for us to rubber-stamp the amendment to an Act so that it can proceed with its deal.

Hon. Member: We are not rubber-stamping; we are not doing that at all!

Mr. B. Panday: We are prepared to assist in any way we can, but we are not going to assist the Government in rubber-stamping. If it is able to treat this House with the kind of courtesy and dignity it deserves, with the respect that it demands, including the submission of all the documents in its possession, including the agreement itself—

Hon. Member: What agreement?

Mr. Maharaj: The agreement with the joint venture company.

Mr. Sudama: Who are you all bamboozling? That agreement done already!

Mr. Maharaj: The people working already.

Hon. Member: You are spreading rumours. That is all you good at!

Sen. Barnes: Madam Speaker, just on a point of clarification. At this point in time, there is no agreement.

Mr. Maharaj: There is an agreement. People are working there already! The joint venture company people have been employed. You are not telling us the truth!

Mr. B. Panday: Had this Government decided that as a matter of policy it is going to have transparency in its dealings with respect to privatization or divestment, however called, this House and this Government and the people of Trinidad and Tobago would not have got into the kind of difficulties which we are experiencing at the present moment. For example, it is a pity that there was not a law which demanded that the Government comes to Parliament before it divested, privatized, whatever, the methanol plants, the Fertrin and Urea.

Hon. Member: Farrell House. It did not come here for approval!

Mr. B. Panday: It did not come here to this House for divestment of the methanol plants; Urea, Fertrin, National Fisheries—about to be divested; the National Flour Mills is going to be divested; BWIA.

Had it come, it would not have found itself in the kind of trouble in which it found itself as recently as November 30, 1994. At or around that time the Cabinet recalled that on May 20, 1993, the Cabinet divested 55 per cent of the issued shares of the Trinidad and Tobago Methanol Company Limited, and that 31 per cent of the shares of the TTMC were sold to a German consortium, Ferrostaal/Helm. On the basis of a shareholder's agreement dated January 31, 1994 between the Government of Trinidad and Tobago, the National Gas Company of Trinidad and Tobago and Ferrostaal/Helm, a further 24 per cent of the issued shares of the Methanol company was transferred by the Government to Ferrostaal/Helm for a payment of \$18 million with the provision that at any time within four years of the signing of the shareholders agreement, the Government of Trinidad and Tobago would have the option to acquire the absolute right to the 24 per cent and to sell it to a third party.

Madam Speaker, do you know that it had an offer for those shares from a firm called Mitsui and Company for \$51 million and it could not go through with the deal? It could not go through with the deal because of the incompetence, the total sell-out, the total failure to have transparency in that deal with the Methanol plant. I am making reference to it to show what is going to happen with the different companies.

It could not go through with that offer of \$51 million for 25.1 per cent—those same shares which were being held by Ferrostaal, because it was necessary that it has a waiver to the pre-emptive rights, and that was not forthcoming from Ferrostaal.

Mr. Valley: Madam Speaker, would the hon. Member state what pre-emptive right is necessary to sell the 24 per cent shares?

Mr. B. Panday: I will tell him, if he does not believe me. Just refer to Cabinet Note dated November 30, 1994 and he will see what I am saying is quite correct.

3.20 p.m.

Mr. Valley: Madam Speaker, I would ask the same question, because with the 24 per cent there was no pre-emptive right. Therefore, if the Member is saying that Mitsui's bid was \$5 million for the 24 per cent, could he kindly inform the House what pre-emptive right was attached to that 24 per cent?

Mr. B. Panday: Madam Speaker, the Minister would know more than I. I can only refer to the Cabinet Note.

Mr. Sobion: You do not understand what you are reading!

Dr. Rowley: You do not understand what you are reading!

Mr. B. Panday: Madam Speaker, I refer to paragraph (5):

"Accordingly, Mitsui and Company's bid price of US \$41 million was identified as the preferred bidder for 25.1 per cent shareholding..."

Mr. Valley: Oh, it is not 24 per cent. It is 25.1 per cent.

Mr. B. Panday: Yes, but what is the difference?

"...25.1 per cent shareholding on offer by the Government. However, despite Government's request, the necessary waiver of pre-emptive right was not forthcoming from Ferrostaal."

Is that right or wrong?

Mr. Valley: Madam Speaker, if only the Member could understand what he reads. Quite simply, 24 per cent was held in trust. Mitsui wanted 25.1 per cent which meant that Ferrostaal had the pre-emptive right on the additional amount of 1.1 per cent. That is quite simple.

Mr. Maharaj: No, it is not!

Mr. B. Panday: "At its meeting on November 26, 1994, the standing committee on energy in Cabinet gave careful consideration to the issues as outlined in paragraph 1 to 9 above. The committee concluded that in the light of the apparent deadlock among the parties occasioned by the absence of a waiver of the pre-emptive rights by Ferrostaal, the Government should abort the attempted sale to Mitsui."

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Is that wrong or right?

The point about it is that this is what happens when the Government hides from this Parliament what this Parliament should know.

Dr. Rowley: That is nonsense!

Mr. Maharaj: What nonsense?

Mr. B. Panday: If the Government feels that Parliament should not know, then that is all right. The Government should just come to this House and say that Parliament should not know about it. In fact, the Parliament should have known about these deals before they were made.

I think the hon. Minister has forgotten that on Friday, March 25, 1994, he came before this honourable House and made a statement. In that statement he said, and I quote:

"Madam Speaker, on the authority of Cabinet, I wish to make the following statement: In February, 1993, the Trinidad and Tobago Electricity Commission (T&TEC) brought to Government's attention its Generating Plan Report 1991—2010,..."

I thought that was the question raised by my colleague, the Member for Oropouche, when he said that if this was completed in 1990, how come it was brought to the Government's attention in 1993 and the Minister denied that that was so.

Sen. Barnes: Madam Speaker, I think we are at words here. What came to Government was a request for expansion of generation capacity, loans and so forth. Out of that, I think I said, there was a presentation of the report to the Standing Committee on Energy.

Mr. Sudama: Am I to understand that no request was made with respect to expansion in 1992? That the only time the Minister knew about this report was in March, 1993?

Sen. Barnes: Madam Speaker, I can speak for myself. As far as I am aware, the request I saw as a member of the Standing Committee on Energy was in 1993.

Mr. B. Panday: Madam Speaker, now that the Members have finished their conversation, can I continue with my contribution? *[Laughter]*

"In February, the Trinidad and Tobago Electricity Commission (T&TEC) brought to Government's attention its Generating Plan Report 1991—2010,

which detailed the Commission's best professional assessment of the required timely investment in new Generating Plant to meet Trinidad and Tobago's projected increase in electricity demand over the period."

The first point I wish to draw to the attention of the House is that this is a projected demand over the period 1991—2010.

"T&TEC further indicated that there would be the urgent requirement to have additional generating capacity..."

That is another point I want to draw to the attention of this House.

"...installed by 1996..."

We are in 1994.

"...if an acceptable standard of reliability was to be maintained. To meet this schedule, T&TEC would require urgent funding of TT \$500M to \$700M in capital expenditure to provide additional generation capacity."

The point I wish to make is that the present deal that the Government has with SEI and Amoco does not involve the expenditure relating to additional generating capacity at this stage. If that is the case, as the Minister rightly said, it is the problem of installing all the generating capacity at one time because they might all collapse at the same time, then you obviously intend to have generating capacity over a period of time.

"The installation of new generating capacity over a period of time"

Not all at one time. I imagine that the point the Minister was trying to make to us is that the joint venture partner would, in fact, be installing additional generating capacity over time.

Sen. Barnes: Madam Speaker, this is a matter we seem to be going round about. What does the country require? The country requires a guaranteed capacity and the joint venture company will guarantee the capacity. They have not said how they are going to meet it. *[Laughter]* So, we do not know.

Mr. B. Panday: Exactly!

Sen. Barnes: Just to go on. If there is a 75 per cent availability, you would have an additional 140 mega watts. It depends on what one can do in terms of the plant one has.

Mr. B. Panday: Madam Speaker, the point I am making is that the OWTU's argument—

Sen. Barnes: What is that?

Mr. B. Panday: The Minister does not know what the OWTU's argument is? *[Interruption]* Let me remind the Minister what he said about it. I would read what the Minister said about it on Friday, March, 25, 1994:

"The O.W.T.U.'s proposals were technically very sound..."

Do not ask me what they are, surely you know.

"...but made no attempts to quantify the cost of the proposed programme or to address the question of financing of those costs. Accordingly, the O.W.T.U. proposals were submitted for evaluation by Black and Veatch International..."

The Minister is causing me to jump the argument.

Before I proceed any further I want to extend my gratitude to the Oilfield Workers Trade Union for much of the data I would be presenting to this House. It has been researched by them and I trust that they have been correct. If, however, at anytime whatever I say is incorrect, I am sure the hon. Minister would not hesitate to correct me.

Mr. Valley: Madam Speaker, would the hon. Member inform this House whether he considers himself to be acting in a responsible manner by presenting to his House information which he does not know to be correct or not?

Mr. Maharaj: The Member presents information which he does not know to be correct! When the IMF gives information to the Member, does he know it is true?

Mr. B. Panday: That is the most spurious argument that I have ever heard! It indicates a total lack of intelligence on behalf of the Minister! *[Desk thumping]* In fact, what I did say was that I believed the information! If, however, the Government says that it is incorrect, it can kindly state so for the purpose of the record so history would vindicate both of us. That is what I was saying, not that I was quoting information I do not believe in. I have great confidence in the Oilfield Workers Trade Union and their capacity for research. I am admitting and acknowledging the use of documentary evidence which is provided to us. It will be interesting to note—because the hon. Minister started but did not complete—a history of the development of this issue of the privatization of T&TEC.

3.30 p.m.

According to the document presented to me by the Oilfields Workers Trade Union—and they should know, they represent the workers there—the matter

really began with a World Bank Structural Loan of \$80 million which the former regime in 1990, had negotiated to be paid in two tranches. An aspect of the conditionality of that loan was the restructuring of the public utilities including T&TEC, WASA and PTSC. The NAR Government drew down half of that loan of \$80 million.

When that, in fact, occurred they were severally criticized by the PNM Government, then in Opposition. Not only did they criticize the Government but they campaigned in the 1991 general election and promised the population that in no way would they ever privatize the strategic sectors of the economy. In 1992, instead of keeping its promise, it withdrew the second tranche of the loan of \$40 million. It was in August of 1990—that was the point being raised by my colleague from Oropouche—that T&TEC did an internal investigation of its operations and really it was an investigation that sought to see how they could improve their efficiency. That team was led by the Chief Engineer, Generation 1, Mr. Stanley Ottley, at the time, who subsequently became the General Manager of that company. The team was known as the Ottley Task Force. That Task Force made over 100 recommendations as to how T&TEC ought to have been improved. Incidentally, one was implemented. Among the several recommendations made by the Ottley Task Force was one that said that "T&TEC could significantly improve its reliability of electricity and save money by more effective maintenance."

One hundred and fifty specific proposals were made both with respect to generation and distribution and as if by calculated act these recommendations were not implemented. They allowed things, not to generate, but to degenerate—a backward generation—and so it has become necessary for them go into the kind of deal upon which they are embarking now.

T&TEC prepared a report in October of 1990 and that report was entitled the *Generation Expansion, Planning 1991—2010* and that is what the Government is basing its argument on today. Incidentally, as far as I am aware, that report was never made public.

First of all, did they not think that if they were going to come to this House and base their argument upon a particular report that they ought to have let us on this side read it, so that we could appraise it and contribute meaningfully to this argument? That is what I mean by transparency in Government dealings with respect to T&TEC. However, we understand that that report concluded that T&TEC's effective capacity had to be increased and it proposed several

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alternatives, one of which was new plant, or refurbishing existing plant and utilizing different criteria for more timely maintenance.

I am informed that none of the recommendations for a better and more efficient T&TEC was ever implemented, and that the utility was allowed to run down, as being set up for privatization. Incidentally, I do not know how my colleagues have been able to put their hands on those reports. It certainly was not the result of any doing of the Minister, or the Government. Surely, the Minister should have let us have copies of that report. No Member of Parliament should be sneaking, hiding and trying to use cloak and dagger means of getting information which is required for a debate in this House.

We have a letter that says that only 30 copies were printed and circulated. None was circulated to us. However, Ernst and Young was contracted in 1990 to perform a comprehensive management and operations audit to "increase the efficiency of T&TEC through improving allocation of scarce natural and human resources in operations, maintenance and investments activities of the utility; the economic use of electricity to an adequate pricing system to promote conservation."

That report was submitted as far as we are aware, in 1992. The Minister came to this House and made his statement in 1993. In the meantime, the Oilfields Workers Trade Union which represents workers at the Trinidad and Tobago Electricity Commission submitted comments upon the Ernst and Young Report and upon the Ottley Task Force and they were submitted to Cabinet.

In their recommendations, I am informed by the union, that they supported most of the recommendations for greater technical efficiency, improved maintenance, and better revenue collection and more effective management. Of course, they would have had differences with respect to the industrial relations management aspect.

The OWTU sent a memorandum to the Ministry in response to the Green Paper the Government had published and they also submitted proposals for the improvement of electricity generation at T&TEC. I shall quote from the OWTU's proposal:

"The OWTU sent a detailed memorandum to the Ministry in response to the Green Paper. In it we stated inter alia: 'The pivotal role, both economic and social required for our nation's future, demands the following: electricity generation and distribution must remain under the complete ownership of the state'."

And they were right. We accept that the OWTU was saying that there was no need for privatization.

"Neither we nor the public of Trinidad and Tobago have any idea what became of the Green Paper. There have been no consultations with interest groups, subsequent to the submission of comments and memoranda."

3.40 p.m.

In 1993, Mr. Valley who was then Minister in the Ministry of Finance responsible for divestment—

Mr. Valley: I am still there.

Mr. Maharaj: You are only there. Other people do the work.

Mr. B. Panday: Is he? He means that he holds the office but he is not—

"...publicly stated that the Government had decided to privatize T&TEC. When they were pressed by the OWTU, the Prime Minister stated that the statement was premature and that no decision had been taken."

The point I want to make about that statement made by the union is that the Government comes to this House, having already taken a decision to enter into a deal with its preferred partner. As far as we are aware, everything has already been set in motion. In fact, people have already been appointed to office in the joint venture company. [*Interruption*]

That is how the Government does things, without forming a company it appoints people to office. There has been a *de facto* arrangement which is in operation and is only waiting for this Parliament to conclude its deliberations. There is one Mr. Henry College. Has the Minister heard of him? [*Minister shakes his head*] No, he has not heard about him. He is going to be the general manager. Let me tell him. Has he heard about Mr. Rob? Mr. Rob is going to be the operational manager, in case he does not know. I am giving him information. I believe him. The trouble is that I believe this Minister does not know. It is Mr. Ken Julien that is doing everything and not the Minister. I have to stand here and tell him who is his manager. He does not know. The engineering director would be Mr. Jadoo; head of finance would be Mr. Watson. Does the Minister deny that these things are in place and only waiting?

The important thing about that though, was that when the OWTU made its proposal, T&TEC was claiming that US \$100 million to US \$150 million was required in order to add 150 to 200 megawatts of new generating capacity. That is

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to say, given the expected increase in the electricity demand which is the basis of the argument of my friend.

I quote from this document supplied to me by the OWTU. As I said, if I am wrong, I expect that the Minister would correct me immediately. This from a report which was in the *Trinidad Guardian* dated July 11, 1993:

"The Electricity Commission (T&TEC) is hoping that a contract will be awarded for expansion of its generating capacity this year. According to T&TEC's plans, the necessary plant must be installed by the end of 1995."

I do not think that the Minister is listening to me. I really would be happy if he would—that is the basis for the Government rushing this Bill through now. Is it not? The OWTU was claiming that the Government was alleging that the Electricity Commission was hoping that the contract would be awarded for the expansion of its electricity capacity this year. According to T&TEC's plan, the necessary plant would have had to be installed by the end of 1995.

"The T&TEC Public Relations officer indicated last Friday that the plant must be ready to go by 1995...the rationale for the expanded generation capacity lies with the expansion of the 'heavy duty' industrial sector, as we cannot wait until investors install their plants."

That is the argument he was putting forward today—

"We must be ready with the supply beforehand. Hence the need for a contract to be awarded this year."

This is another quote from the *Guardian* dated July 26, 1993. It states:

"The Trinidad and Tobago Electricity Commission (T&TEC) needs \$1 billion to improve its operations. Public Utilities Minister Morris Marshall, explained...that the money was needed to refurbish old generating units and to purchase new ones."

The point the Minister was making over and over was that there was great haste in this matter. There is need for the Government to enter into this agreement very quickly so that it can get the necessary investments in order to be ready for 1995. As far as we on this side are aware, there is no proposal to buy any new plant; the deal that the Government is entering into with SEI/Amoco is to rehabilitate the existing plants. Plant upgrade and plant maintenance were part of the OWTU's proposals. That is now the reason that the Government is entering into this joint venture.

I think I have the figures here. In fact, the joint venture will spend \$107.5 million and \$71.6 million will go to the Government in cash. As far as I am aware, there is a promise to spend \$19.6 million for plant upgrade; \$14.9 million for plant maintenance and \$1.4 million for working capital. That is to say about TT \$600 million for 49 per cent of the generating assets of the company.

I do not know where the Minister got his figures from. He has argued that that is valued \$800 million. *[Interruption]* I am glad, because our information is that those assets that they are selling 49 per cent of are valued \$2.7 billion. Is the valuation the Minister gave us the one he is referring to? What is the value of the assets? If we do not know this—when the Minister spoke about replacement value, is that the 49 per cent of the assets the Government is selling for \$600 million?

Sen. Barnes: Madam Speaker, the insured replacement value was included. It was US \$840 million. I also indicated the book value which was also quoted here.

Mr. B. Panday: Even on his own figures \$800 million—*[Interruption]* The figure of TT \$2.7 billion is not far off. Is it? For that the Government is selling 49 per cent for \$600 million.

Mr. Valley: Madam Speaker, replacement value suggests that it has to be bought new, at the new prices. The value of the plant would be a depreciated value not market value.

Mr. B. Panday: Would the hon. Minister be kind enough to tell us what that value is?

Mr. Valley: Quite simply, if one wants to sell anything the value is what an arm's length person, the best price an arm's length person would pay for it. That is the concept of market value, so that the market value of the asset, 49 per cent of it is \$71.6 million because the rest of the money is going into improvement.

3.50 p.m.

Mr. B. Panday: So how would you know if what is being offered is fair unless you yourself have some perception of the value of what you are trying to sell?

Mr. Valley: Madam Speaker, concepts are simple. One may have a book value of something one is selling and as long as the market is open—there were about 15 different companies bidding on this, and as long as there was no collusion, the best price coming out of that process—

Mr. Maharaj: How do we know there was no collusion?

Mr. B. Panday: I think we have hit the nail on the head. This is a Minister who has a house for sale, he wants to get rid of it, but he does not bother to value it. Even when a man is auctioning his house, he has a floor price below which he will not go, because he has a concept in his mind of the value of his house. But the Minister has a house which he wishes to sell and he does not care what he gets for it.

Mr. Maharaj: Not his house, the people's house.

Mr. Valley: Madam Speaker, that is the depreciated book value, which is known.

Mr. Sudama: I am amazed that the Member is talking about depreciated book value.

Madam Speaker: I am sure that Members will get a chance to rebutt each other. I am sure that it is an interesting debate.

Mr. B. Panday: The Minister has now admitted that they are selling 49 per cent of the generating capacity of T&TEC without having any idea of the value.

Mr. Maharaj: They are giving it away.

Mr. B. Panday: This is a going concern. If one has a store or a business which is producing, how can one sell 50 per cent if one has no idea what the value of the assets are? The Minister is saying that he has put up his house for sale and accepted the highest bid. That is what he is telling this House. He is telling this House that he put 49 per cent up for sale and he took the highest bid. That was how he determined the market value. He can do that when it is his house or store, but we are dealing with the national patrimony. That is the difference.

Mr. Valley: Madam Speaker, I do not want to disturb the hon. Member, but one can get an individual to say what is the value of "X". The concept of market suggests that as long as the market is free and people are bidding freely, then the market price is determined by that process. That is recognized as market value.
[Interruption]

Madam Speaker: I gather that he was responding. The Member for Couva North did not take any objection. He wanted to hear what the explanation was.

Mr. B. Panday: The Member has given the explanation. He has said that they have no valuation; they did not know what the plant was valued. They did not care. They wanted money in their hands and they were going to sell the state assets. They put it up for bids and that is how they determined a market value.

Mr. Valley: I did not say that there was no valuation. A valuation is quite different from market value. Once a valuation is done—that is not market value. Market value is determined by market. The only time one knows the market value is when a person is willing to pay "X" for a product. It is not what some valuer says it is worth.

Sen. Barnes: In all those areas a counter estimate was prepared by professionals before the bid was [*Inaudible*] That is not a market value. The market was [*Inaudible*].

Mr. B. Panday: What has caused all this problem was that I was trying to find out if a valuation was done.

Madam Speaker: The hon. Member's speaking time has expired.

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

Question put and agreed to.

Mr. B. Panday: And that if a valuation had been done of the assets, then I would have expected that the hon. Minister would have laid it in the House and given us an opportunity to study it and assess whether they ought to sell at this time at all.

Another thing which bothers us very deeply about this transaction, is that it is one in which a person is involved so deeply—even over the Minister, and does not seem to know what is going on—and was involved in other transactions of T&TEC, for which T&TEC has suffered enormously. I refer to the ubiquitous Prof. Kenneth Julien.

I would like to read from a document which has come into my possession, *The Patriot* of April 1994—maybe the Minister would like to deny this, because it makes some statements which I am sure he would like to deny. It says:

"Despite the *Express* trying to give CCN the credit for breaking the story of the sale of T&TEC (we knew about it even before the unions or CCN), the whole sordid story has not been told. The deal was cut in Atlanta by Ken Julien, who has had a long and chequered history with the executives of Southern Electric and its affiliate Enron. Julien, you see, owns and maintains a sprawling multi-million dollar mansion, complete with butler, in Atlanta, bought and paid for in cash (not bad for someone on a University lecturer's salary!), in which he has entertained many of the same executives—"

Madam Speaker: The only problem with that, hon. Member, is that Prof. Julien is not in this House to defend himself. Is the Member adopting this as his own views? This is the unfortunate thing.

Mr. B. Panday: Dr. Ken Julien is deeply involved in this transaction.

Madam Speaker: You can say that, but do not go into the details.

Mr. B. Panday: Then they must not involve people in transactions like this. Once they come out in public and are involved in public affairs, they must be subject to public scrutiny.

Madam Speaker: It is a little unfortunate that we have to use this Parliament to do things like that. I can understand the Member saying that Prof. Julien is in fact involved, but going into all those details is something he cannot rebutt. It is very unfair and unfortunate, irrespective of who it is.

4.00 p.m.

Mr. B. Panday: But Prof. Ken Julien was one of the persons replying to the OWTU.

Madam Speaker: Yes, he can generally refer to Prof. Ken. Julien and how he feels about him with respect to transactions, but those are going into some report called the *Patriot* for which Prof. Julien has no redress.

Mr. Maharaj: Who is right? You all want to "thief" people money?

Madam Speaker: Hon. Members, I urge you all please, do not get into that today. Forget the personalities for a while and let us continue the debate on a healthy level.

Mr. B. Panday: As far as I know, Prof. Ken Julien is very much involved in this matter. In fact, the Government set up an energy task force under the leadership of Prof. Ken Julien, so if this matter has to be transparent, all his actions must be called into question! Prof. Ken Julien was the same man who bought the generators for T&TEC, which the OWTU refers to as "Chief Sitting Bull", and "Chief Crazy Horse". Do you remember that? Do you remember? He bought generators which sat down there and could not work for years! Do you realize how much he cost this country as Chairman of T&TEC and we do not talk about it? If you say so, I would not talk about it! That is all right, I will talk about it in Woodford Square! So Prof. Ken Julien must not be talked about! Prof. Ken Julien must be sent up-front to make the deals, as he made the deals when he was Chairman of T&TEC, buying machinery and entering into transactions which

cost this nation millions and millions of dollars. He bought equipment that sat there unable to be used. Maybe if we were able to use the equipment we would not be in the trouble we are in today. [*Desk thumping*] And yet his involvement in this matter— We are told that he has a house in Atlanta! Is that true, or is it not true? That he has connections with this company long before now! Is that true or is that not true? [*Interruption*]

All we are asking is that if the Government wants us to support this measure, they must come clean. Lay the whole issue on the table, bare all the transactions and all the involvements of Prof. Ken Julien, everything, lay it bare. The role he played in T&TEC in the past—was this man guilty of mismanagement? Was he guilty of corruption? Was he guilty of buying machinery that should not have been bought? Was he guilty of buying the wrong kind of machinery? The same person who was head of the task force is now involved and we must not even ask for an investigation into that matter! I cannot understand that! [*Interruption*]

Mr. Maharaj: When people talked about O'Halloran you were saying the same thing; the same thing about Francis Prevatt.

Mr. B. Panday: We are now beginning to get worried. The Minister said earlier that their justification for privatizing T&TEC was that they needed immediate generating capacity. Then as far as we understand they entered into an agreement with their favourite investor that does not involve the investment in new plant and machinery and when we get suspicious, they say we should not ask about it. I do not think they are being fair. I think it is most material to the argument. If they do not want us to talk about it here, we will talk about it in Woodford Square, we have no problem with that.

Dr. Rowley: You do not have enough court house trouble?

Mr. Maharaj: You engineered the court house trouble. You are the engineer with your chutney party.

Mr. B. Panday: I am glad that the Minister spoke about that. Madam Speaker when mouth opens story falls out. We knew that they were involved in that prosecution and now the Minister cannot keep his mouth shut. I wanted to indicate to you [*Interruption*].

Mr. Maharaj: You and Paul Tennessee are the same.

Madam Speaker: Hon. Members, please allow the Member to continue?

Mr. B. Panday: We on this side want to make it absolutely clear that we do not view the question of state ownership against private ownership as a matter of ideology. It is not an ideological issue at all. In fact, from our point of view, we accept that every country has limited resources to satisfy unlimited ones, and therefore, it must use those resources in such a way that the public well-being is optimized. Therefore, the kind of organization that will apply to a firm, an enterprise, a company, to carry out any kind of activity in the society is not going to be determined by an ideological position, but by a practical position of what is in the interest of the country; how we use our scarce resources to the optimum to provide the maximum benefit for the maximum number of our citizens.

When we look at this proposal, we cannot agree that this is the best way of doing things because they are not justifying the argument. They are not putting all the cards on the table. When we raise the issue of Prof. Ken Julien, they duck, and bob and weave, they do not want to talk about that. They do not want to talk about valuation. They do not want to talk about giving this House sufficient information.

I merely say that until we have more information than this we are unable to support this Bill.

The Minister of Works and Transport (Hon. Colm Imbert): Before I deal with the Bill itself, which I will deal with later on in my contribution let me just deal with some of the issues raised by the Member for Couva North. I would try to do so without acrimony and cross-talk.

According to the information which I have, Madam Speaker, an independent assessment of 49 per cent of the value of the generating assets of T&TEC was done by the International Finance Corporation, and their independent assessment put the value of 49 per cent of the assets in the range of US \$66 million to US \$79 million. In addition, my understanding is—*[Interruption]* All right, the International Finance Corporation is a member of the World Bank group, and I do believe that it is independent.

According to the information I have, the equivalent proposed purchase price for 44 per cent of the assets is in the range US \$85 million to US \$106 million and is therefore some 30 per cent higher in value than the IFC's assessment. This is the equivalent purchase price which is a weighted figure. That is the information I have. An independent assessment of the value of the generating assets was done by the International Finance Corporation and the equivalent purchase price is higher than the independent valuation.

Mr. Maharaj: Madam Speaker, would the hon. Minister give way?

Hon. Minister, that valuation that you referred to, would the Government object to making that valuation available with the criteria used in arriving at that figure? Do you have any objection in making that document available to the public?

4.10 p.m.

Hon. C. Imbert: It is a straightforward document. It is a valuation of assets. We have absolutely no difficulty with that, none whatsoever. May I also say that this debate will take place over a period of time and my colleagues will obtain a copy of the valuation and lay it in this Parliament. I think that will dispense with that. There has been quite a bit of discussion on the evaluation of bids, the transparency and the process and so forth, and the whole question of the OWTU proposal. It is necessary to clarify some issues.

The Oilfields Workers' Trade Union made a proposal which had technical merit. The proposal involves several things, including plant upgrade/improve/maintenance, demand/management and so forth. But where the proposal fell short in relation to the other submissions was in the question of finance. As a matter of fact, as far as I am aware from the information available to me, the OWTU did not submit a price for the 49 per cent of the generation assets of T&TEC. That is my information. The information I have is that the submission had technical merit but it fell down on financial aspects, it did not propose a price for the assets, and it did not propose a price for the upgrade/improve/maintenance of plant and so forth. That is where it fell down. If one looks at the evaluation one will see that because it was weak on the financial side, when you evaluated all evenly it came last. I think it is necessary to say so. It came first, in some of the criteria in the evaluation, but in finance it came last because it did not propose a price, and it did not propose a cost for upgrade of plant and so forth. I think that should dispense with the OWTU submission.

Let me deal now with the process; the reason the Government is entering into the process of divestment of the generation assets of T&TEC, 49 per cent. The decision that led to this process, the international competition as it were, emanated from a proposal made by the Trinidad and Tobago Electricity Commission that, to meet the projected electricity growth in the country, and to meet acceptable reliability goals, an expenditure of some \$700 million to \$1 billion TT would be needed over a five-year period. T&TEC proposed that this capital expenditure be met either by direct Government grant or Government guarantee of borrowings by T&TEC. T&TEC also indicated that this would involve annual increases in electricity rates over the next few years. The Government was unable to provide a

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guarantee to the tune of some \$700 million and the Government was also unable to provide T&TEC with the cash to the tune of some \$700 million. As a result it was decided to go out for bids to invite people to submit proposals on increasing the available capacity of upgrading of T&TEC and so forth.

T&TEC also revised its initial proposal and reduced the rehabilitation upgrade and new plant cost from \$700 million to between \$150 and \$200 million. Initially, they said it would cost between \$700 and \$1 billion, they revised that down to \$200 million. T&TEC however, recognized that with this revised programme that there were many logistical problems such as the availability of spare parts and foreign currency requirements; the credit worthiness of T&TEC itself; delays in shipping and so forth, that would make it extremely difficult for T&TEC. Even if it got involved in this \$200 million rehabilitation programme, it would make it extremely difficult to achieve its objectives.

I also have some documentation here from the Electricity Commission—and that is my source, that there is a requirement for an increase in available electricity capacity over the next several years. I have documentation here which shows me from the year 1991 to the year 2010 and the base demand forecast: 1991—574 megawatts; 1994—634 megawatts, 2010—1013 megawatts. It shows an increase projected from increase in industrial development in the country, commercial development and so forth. An increase demand from the present 634 megawatts to 1013 in the year 2010. It is necessary to get an appreciation of these numbers. The current T&TEC generation capacity is 1000 megawatts.

The Minister pointed out that the reliability or the outage rate for T&TEC is approximately 37 per cent with a generation capacity of 999. What is available is somewhere just over 600 megawatts. At present, because of the outage rate and the unreliability of the system, the system can only provide at a more or less constant level, just over 600 megawatts with any degree of reliability. Although they have current capacity of 1,000 megawatts they are only able to provide with any degree of reliability just over 650. In other words, they can only meet 1994 present day demand with the present installed capacity, because of the problems that they have with the downtime when they have to take down their equipment to service and to do overhauls and so forth, because of the unreliability of the system. What I am saying is that in 1994 we have reached the point at which it is now necessary to make drastic improvements to T&TEC's available electricity. I am using the words available electricity very carefully. Available generating capacity, my colleague has assisted.

4.20 p.m.

Madam Speaker, what the joint venture partner is proposing is to reduce the outage rate, to increase the reliability—to upgrade and improve the same plant. With the lower outage rate and a higher reliability rate, the available electrical generating capacity will be increased. That is the difference. That is the answer to the Member for Couva North's question about whether the partner intends to bring in new plant. The partner does not intend to bring in new plant immediately. He has indicated that he can improve T&TEC's reliability, reduce its outage rate and, therefore, there is no requirement for installation of new plant at this point in time. *[Interruption]*

Hon. Member: Can he alone do that?

Hon. C. Imbert: It, therefore, defers the installation of new plant to some time in the future. The reliability of the system would be improved. Of course, other people could do that. Anybody can come in and improve and upgrade T&TEC's equipment. Nobody is disputing that! I go back to the point which I made, that the OWTU's proposal had technical merit. They, too, intended to improve the reliability of the system and upgrade the available electrical generating capacity. Nobody is denying that! What the Government is looking at is the cost of doing that. I have in front of me—which I shall lay in this House after my contribution—

Mr. Sudama: After!

Hon. C. Imbert: Well, it is the only copy I have available to me and when I am finished I shall pass it over to the Members. This is the Black and Veatch report. Black and Veatch has indicated, in connection with the OWTU's proposal, that their estimation of the cost of upgrading the T&TEC plant to meet the outage rate which OWTU had proposed—I believe it was 25 per cent—was \$70 million. What Black and Veatch was saying was if the Government accepted the OWTU's proposal, a cash requirement of over TT \$400 million would have been required to upgrade T&TEC's existing plant.

Mr. Sudama: What exactly did Black and Veatch appraise and value? Did they value T&TEC's proposal?

Hon. C. Imbert: Madam Speaker, I shall try to raise the decibel level.

Black and Veatch also said that if World Bank environmental guidelines are to be met, the additional cost would be US \$26 million. Therefore, if the plant is upgraded and its environmental standard is improved, the sum of US \$96

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million—over TT \$500 million—would be required from the Government, or T&TEC would have to borrow it with a Government guarantee to upgrade the plant to give the kind of reliability forecast that OWTU proposed.

I want to make this absolutely clear. Heavy weather has been made about the OWTU's proposal. Nobody is crying down that proposal. The Government is simply saying that there is a cost attached to it. Anybody can come in and upgrade T&TEC's reliability but there is a cost attached to it. An assessment of the OWTU's proposal is over \$500 million, and, of course, it would have to come from the Government. I just want to make that clear.

The difference between that proposal and the preferred partner is as follows:

"The country will receive foreign investment injection of US \$125 million or over TT \$700 million. That includes direct cash of \$522 million plus \$208 million for plant upgrade and an accelerated rehabilitation programme."

So, \$730 million will be coming into the country—over \$500 million in cash and \$200 million-odd for upgrading the plant.

"In addition, it is not expected that the Government will be required to meet any capital expenditure for investment in new generating capacity over the next 15 years."

So that benefits appear on the horizon immediately: \$700 million plus removal of the requirement for the Government to put out money to invest in a new generating plant or in plant upgrade. So that the \$500 million from the OWTU's proposal will not be required. Even if the Government were to go with the OWTU's proposal, at some time, maybe five or ten years down the road, new generation plant would be required and there would be a cost attached to that.

The benefit of the preferred proposal is that the joint venture company will address the problem of capital investment out of the proceeds of its operations. It is not going to come to the Government for capital investment. *[Interruption]*

The salient point which has to be made to answer some of the queries which have just been raised is what is the cost of electricity generation. A number of studies were done and they indicated that the preferred partner had a generation cost lower than the OWTU's proposal. The generation cost proposed by the preferred partner—this is the conversion cost because what the preferred partner was doing was converting natural gas into electricity, so that it is a conversion cost of electricity to natural gas. The preferred partner has indicated a price for conversion of natural gas to electricity that is lower than the other proposals—

especially the OWTU's proposal. So, that is an additional benefit. The cost of conversion is lower than the OWTU's. So, money coming into the country; removal of the requirement for capital investment; removal of the requirement for immediate cash injection for upgrade of plant; and cost for conversion from natural gas to electricity lower than the other proposals. I have already indicated a number of areas where the country will benefit. I have already indicated that the cost of generation is lower than the OWTU's proposal. It is also lower than T&TEC's actual cost as well.

Mr. Sudama: By how much?

Hon. C. Imbert: Madam Speaker, I have some figures here:

"The net localized cost of generation for the preferred investor varies over the 15-year period from TT 7 cents per kilowatt hour to TT 5.4 cents per kilowatt hour, depending on the choice of option. These figures compare with the TT 8.12 cents per kilowatt hour per T&TEC in its revised proposal ..."

That is the lower figure—

"... and TT 7.92 per kilowatt hour per the OWTU's proposal."

Clearly, if the cost of generation by the preferred partner is less than both the current T&TEC and the OWTU's proposals, then the country must benefit. The fact is that if five to ten years down the road a new generating plant is required, somebody has to pay for it.

Mr. Sudama: Madam Speaker, would the Minister give way to a question?

Hon. C. Imbert: No.

4.30 p.m.

Mr. Sudama: Could the hon. Minister tell us whether the generating company will pay for natural gas?

Mr. Haniff: They are not paying for natural gas.

Hon. C. Imbert: Madam Speaker, I made the point—I see we are going into the teabreak but I want to make two points and I will ask you for two minutes “injury time”. The cost of generation of electricity with the preferred partner is lower than present T&TEC and the OWTU's proposal. Madam Speaker, what we are looking at here is a conversion cost. We are converting natural gas to electricity. The question of what price one pays for the fuel is irrelevant. [*Interruptions from public gallery*]

Mr. Sudama: Really? Who is paying for it?

Hon. C. Imbert: We are comparing apples with apples.

Madam Speaker: Members of the public, please, you will have to contain yourselves if you want to stay in Parliament to listen to the debate!

Mr. B. Panday: Difficult as that may be!

Hon. C. Imbert: Madam Speaker, the cost of gas does not come into this equation. What we are looking at is the cost of converting gas to electricity. The gas remains constant all the time—whoever provides the gas or pays for it. That is not how this has been evaluated. They take the gas as a constant and look at the conversion of that gas to electricity. Whether you are dealing with OWTU or T&TEC it does not matter. The gas is there—same price. It does not change. What we evaluated was the cost of converting that gas to electricity.

So, Madam Speaker, I hope that in this introduction I have been able to debunk some of the misconceptions that surround this issue; and as I go into my contribution, I will deal with them more fully.

Madam Speaker: All right. The sitting of the House is suspended until 5.00 p.m.

4.32 p.m.: *Sitting suspended.*

5.07 p.m.: *Sitting resumed.*

Hon. C. Imbert: Madam Speaker, let me continue with the information I was giving this honourable House with regard to the cash proceeds of the investment. The purchase of 49 per cent of the generating capacity of T&TEC was option one, presented by the preferred developer. There is a second option which is a different mix of cash, taxation, dividends, and so forth. But the information I have available to me is that dividend payments should be made to T&TEC with the introduction of this preferred investor into the generating capacity. Of course, these are all estimates. I have an estimate here, but it is simply an estimate. The information I have is that dividend payments in excess of \$500 million could become available to T&TEC over the next 15 years. This is because the company would be making a profit.

The Government also should receive taxes up to, as much as \$200/\$300 million. So that the benefits from this divestment of 49 per cent of the generating capacity of T&TEC are numerous. We have cash coming into the country. As I said, there are two options. We have the question of the removal of the

requirement for investment in new generation plant in the immediate future; we have dividend payments to T&TEC and we have taxes coming into the Government. This would be a dramatic reversal of the present scenario where the Government receives no dividend income or taxation revenue from T&TEC.

So T&TEC should become a net contributor of revenue to the Government over the next 15 years, rather than continue as it has for several years—not in recent years—but for many years in its history, T&TEC had to be propped up by the state. What we see with this divestment is T&TEC will move into a profit situation and will actually be paying money to the state, a complete revolution in the state enterprises sector.

I also want to make the point that this generating plant will be 51 per cent owned by T&TEC; by the people of Trinidad and Tobago. We are not divesting 100 per cent of the generation capacity; we are divesting 49 per cent, and 51 per cent will be owned by T&TEC, owned by the people of Trinidad and Tobago.

Also, the generating capacity is just one aspect of T&TEC. There are the distribution and transmission systems, another significant component of the property of T&TEC. If one looks at this thing from an overall perspective, the amount of T&TEC's assets that are being divested is certainly less than 49 per cent; it could be somewhere down in the realm of 30/35 per cent. So that T&TEC will retain ownership of as much as 60 per cent, perhaps more of the total plant that it currently owns. The people of Trinidad and Tobago will retain ownership of over 60 per cent of the plant now owned by T&TEC. So it is not a total sell-out as has been alleged by Members on the other side.

I spoke about reliability. The preferred investor has set a target of 90 per cent availability of electrical generating capacity compared to approximately 60 per cent now being experienced by T&TEC. This is simply an estimate. They may get up to 80 per cent, to 85 per cent. But certainly if they can achieve what they have proposed, then the reliability of T&TEC's generating capacity and the availability of generation capacity will be increased significantly.

I wish to stress that point, because this is why it is not necessary at this point in time to invest in new generation plant. The question of exactly when we will need to invest in new generation plant is something that there can be some debate on. It could be four years from now; ten years from now, it all depends on what happens as we upgrade the plant. But certainly we would be able to defer considerable investment in new plant immediately.

This is the point I was making, that the available capacity is just over 600 megawatts right now. The demand right now is just over 600 megawatts. So that if we did not invest in new plant—if we were not going through with this arrangement, we would immediately have to invest in new plant in 1995, or if we could not find the \$400 or \$500 million, or even \$200 million required for that, we would have to load-shed all over Trinidad and Tobago which would result in severe distress and discomfort to our citizens.

There is no doubt—and I do not think anybody can deny—that unless something is done to improve T&TEC's generating capacity immediately, within the next year or two we would have severe disruption of electricity supply in Trinidad and Tobago. What is being proposed here is improvement and upgrading of existing plant to improve the reliability and availability of electrical generating capacity.

May I also refer to the manifesto? I read from page 12 of the PNM manifesto; election 1991:

"(i) 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
- the enterprise provides a major social service, e.g. T&TEC, WASA, PTSC."

The pivotal point here is that participation will continue at appropriate levels.

At the bottom of this section is the following very instructive sentence:

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

It shows quite clearly that the People's National Movement in its manifesto indicated that Government's participation in T&TEC and any such company, would continue at appropriate levels and that Government's shareholding would be reduced over time. That is here in black and white, page 12.

5.15 p.m.

Let me go now to another issue that has been raised in this matter. There are a number of issues, but let me deal with the bidding process. The Minister of Public

Utilities made a statement which was laid in this honourable House on March 25, 1994; approximately nine months ago. In that statement the Minister outlined the process for going out to tender for 49 per cent of the generation capacity of T&TEC. I would now quote from this document:

"T&TEC invited fifty-two (52) firms to participate in a pre-qualification tender and fifteen (15) of these responded. All fifteen (15) firms met the pre-qualification criteria and were accordingly invited to tender for the 49% participation in T&TEC's Trinidad Generating Assets."

Of those 15:

"Six firms/joint venture alliances submitted proposals by the tender closing date of 7th February, 1994."

And he listed them:

- "- Duke Energy...
- CMS Generation Co...
- AES Americas Inc...
- Enron...
- Dominion Energy...
- Southern Electric and Amoco Business Development Co...

Two other firms, British Gas...and Electricidad de Caracas...of Venezuela responded to the tender invitation regretting their inability to submit proposals. All of the eight firms visited Trinidad to perform due diligence exercises prior to the submission of formal tenders."

The point I am making is that T&TEC made a list of 52 companies which they felt should be invited to pre-qualify for this tender exercise. All 52 were invited, 15 of the 52 met the pre-qualification criteria, all 15 were invited to bid and six submitted bids. I cannot see any other way that one would go through a process of this nature. I would be pleased if hon. Members on the other side could give me some advice on how else one would go through a bidding process to divest 49 per cent of the generating assets of T&TEC. I cannot see that there could be any reasonable complaint with the process of invitation of bids for the generation assets.

The Minister continued:

"The financial and technical criteria for the evaluation of these tenders was established by T&TEC in consultation with IFC, and the evaluation of bids was carried out by T&TEC and IFC using a computerised model prepared by Black and Veatch of the United States of America."

The Attorney General has the relevant documentation before him which would be submitted in due course.

"Bidders were required to submit proposals on a basis that the T&TEC's Trinidad Generation operations would form a separate locally incorporated company in which the successful bidder would hold 49% of participation."

All bidders were required to submit proposals on the basis that T&TEC's Trinidad generation operations would form a separate locally incorporated company in which the successful bidder would hold 49 per cent, therefore, T&TEC would hold 51 per cent. This is just a specific company which is being set up to deal with the generation of electricity—T&TEC (or the people of Trinidad and Tobago) has 51 per cent and the preferred bidder would have 49 per cent.

Let us continue:

"T&TEC would remain responsible for the supply of fuel natural gas to this company and T&TEC would be the sole purchaser of all bulk power generated by it."

This is very important. I would repeat it:

"T&TEC would remain responsible for the supply of fuel natural gas to this company and T&TEC would be the sole purchaser of all bulk power generated by it."

The reason it is necessary to stress this point is to deal with this gas price issue, which is really a non-issue. Bids were invited on the basis that T&TEC would supply natural gas to the preferred bidder free of charge. Everybody was asked to bid on that basis. T&TEC would procure the gas, provide it to this company free of charge and the company would then convert that gas to electricity.

The question of price of gas is completely irrelevant. For all the bidders, it was a level playing field. They were all going to be given gas which they would convert to electricity. The OWTU's bid was also evaluated in that context, free gas

being converted to electricity. T&TEC would purchase the gas from the natural gas company and make it available to this locally incorporated company which would convert it to electricity and sell electricity back to T&TEC who would make it available to consumers. It is a very straightforward and simple process.

This is a statement made by the Minister in the House on March 25, 1994. In fact, the Minister, at that time, indicated that option No. 2 had been selected which involved cash payment of US \$71 million; US \$19 for plant upgrade; US \$14.9 for plant maintenance; and US \$1.4 million for working capital. This was laid in this House on March 25, 1994; all readily available. That is the option that has been selected. I have laid it out here and Members can get this from *Hansard*. It is there. There is no question of anybody hiding what the exact details of the sale and so forth are. A total of over TT \$600 million.

The question has been asked: Why did the Government not do it itself? *[Interruption]* I am going to try to answer all questions as best as I can. There are two reasons. There is a substantial cash requirement. T&TEC has estimated an initial cash requirement at a minimum of TT \$200 million. This cash requirement is for plant upgrade and emergency rehabilitation. An immediate cash requirement of at least TT \$200 million.

In addition, in the current situation T&TEC has severe constraints. I believe that the Member for Couva South may have some aspects of the Ernst & Young report. I will lay this in the House after my contribution. *[Interruption]* I have an overview, the Attorney General has the entire thing. Members will get everything. Madam Speaker, we will lay everything. Members want it, they can have it.

Let me go on. Ernst & Young's overview findings:

"T&TEC's generation unit availability can be improved."

There are some myths I need to debunk. People are saying that the Government is ignoring the point that experts have come in and said that we can improve T&TEC's generation unit availability. Nobody is denying that. We are saying that it is possible, and that is exactly what this preferred developer intends to do; to improve T&TEC's generation unit availability.

Ernst & Young indicated that in 1990 in excess of 37 per cent of total installed generation capability was not available.

5.25 p.m.

What it means is that if you have 1,000 megawatts you can only rely on just over 600 megawatts. They gave some reasons. The Minister has given some. Some of the plant is old and outdated but, Ernst & Young went on:

“There are two basic causes for the lack of generation unit availability. The first cause is the extended planned overhaul duration, the second cause is the lack of generation maintenance spare parts and a long lead time required to order and obtain these parts.”

Ernst & Young was saying that it was taking too long to overhaul and do a major maintenance on the electrical plant with the current arrangements in T&TEC. The other problem was lack of availability of spare parts and the long lead time required to order and obtain these spare parts. Ernst & Young indicated that T&TEC did not have the spare parts and was forced to wait until after a unit had failed. The cause of the failure had to be diagnosed before it could begin to order replacement parts from overseas. These spares must be obtained either from the United Kingdom or the United States and often take a year or longer to obtain, during which time the generation unit is not available and contributes to the high outage rates.

In 1990 Ernst & Young was saying that if a unit went down in T&TEC and it needed major spare parts that are not available in Trinidad and Tobago, it could take as long as a year to obtain these parts. They looked at other countries. They said in a utility situation that is not so severely capital constrained, in other words, a utility that has more money, spare parts would be available particularly for similar generation sets. For example, at Point Lisas with four Brown Boveri gas turbines and four Westinghouse gas turbines it would be a common utility practice to maintain a full set of spare parts for each type of machine.

They are saying that in other countries, it is normal to have a full set of spare parts for gas turbines and so forth. These spares would consist of one fully bladed rotor and one full set of vanes. I come now to the important part.

The parts for the Westinghouse machines would cost about \$50 million and for the BrownBoveri machines about \$30 million. Similarly with common units at Port of Spain, about \$30 million in steam plant spare parts and \$6 million in gas turbine plant spare parts would normally be on hand. At Penal about \$25 million should be invested in gas turbine blades. They are saying that T&TEC should find \$141 million immediately to have an adequate supply of spare parts so that if they

have a problem they could deal with it speedily. But, T&TEC does not have \$141 million, Madam Speaker. They went on to say:

“In recent years cash constraints have limited T&TEC's ability to purchase the generation spare parts that they wish to obtain.”

Let us go to planned generation unit overhauls which are excessively long.

At present steam unit major overhauls are planned for 20 weeks and often last longer because of the unavailability of spare parts. More typically utility operating procedures—they were looking at another country again—and they said:

Even in an island environment—an environment where you would have to get parts from overseas. It is not in North America where one could get somebody with land transportation to bring it for them.

“More typically, utility operating procedures would be to plan for a 10-week steam unit major overhaul.”

Ernst & Young is saying T&TEC is planning to overhaul its steam units on a 20-week basis but the norm in other countries or in a properly operating utility is 10 weeks. They are taking twice as long as they should take to overhaul their major units.

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

Motion made, That the hon. Member's speaking time be extended by 30 minutes. [*Dr. R. Griffith*]

Hon. C. Imbert: Madam Speaker, there are two reasons why they are taking so long. Firstly, it costs money to do the overhaul in a shorter period of time. They would have to work a second shift, pay people extra money for working over time. That is one reason why they cannot do it in 10 weeks rather than 20 weeks. In addition, availability of spare parts. These are the two problems. They do not have access to spare parts. They do not have them on hand and it will cost more if they were to deal with the overhaul in a shorter period of time, and they simply do not have the money.

Of course, these are things that can be improved, things that can be looked at. Nobody is saying that T&TEC cannot improve their management systems and reduce the cost and the overhaul time. Nobody is denying that. I am just saying that Ernst & Young indicated that they were taking 20 weeks when they should be taking 10 weeks. They could not do it in 10 weeks because it would cost too much, it would go beyond their cash flow capability and the spare parts problem was there.

One of the reasons why the preferred partner has been selected—and this is not something to sniff at—is the fact that the preferred partner has access to spare parts. No doubt about it. The preferred partner has indicated it would use its purchasing systems, its experience, its influence with major equipment suppliers to improve the deliverability of spare parts and also reduce the price. They would use economies of scale, they would get involved in volume purchasing. So that a large company in the United States, that operates a grid far larger than Trinidad and Tobago, buys a much greater volume of spare parts and it will use those economies of scale to make spare parts available to the Trinidad and Tobago operation at a cheaper price. In addition, because of its bulk purchasing arrangements and its experience, it will also be able to deliver these spare parts quicker and that is where the other aspect of the joint venture comes in. It is a joint venture between two companies. One of the other companies has access to sea vessels that come to Trinidad and Tobago on a regular basis. So this is another benefit. These are the reasons why this proposal is attractive to T&TEC.

I heard a sarcastic remark that the company is being sold to a spare parts dealer. That betrays a lack of understanding. The availability of spare parts is just one issue. The international investor is bringing access to technology. It is bringing access to improved systems and so forth. Not only can it provide spare parts quicker and cheaper, but it can also bring new systems of maintenance and upgrading of plant to Trinidad and Tobago.

I have summed up in a nutshell the advantages, the benefits to Trinidad and Tobago and to T&TEC of getting involved in this strategic alliance with a major United States generator of electricity.

The country will be getting cash injections. The T&TEC plant will be upgraded, dividends will come to T&TEC, taxes will come to Trinidad and Tobago and will be re-invested in the country. Availability of spare parts, reduction of double time, increase in reliability, reduction in outage rate. All I see are benefits. I do not see any negatives.

5.35 p.m.

Let me tell you something. If a proposal had come through that was equal in terms of the benefits it would give to T&TEC and the country, and it removed this cash requirement—because I am coming back to the OWTU's proposal which had no cash involved. It did not indicate where the money was coming from to upgrade T&TEC's plant. It offered no price for the 49 per cent of the assets. Whereas I can find no fault with the technical submissions—because it had access to professionals and engineers as we do, and to expert advice; the submission had

technical merit—but as I said, and I want to stress—it fell down because it had no money.

In other words, as far as I am aware, unless I am missing something, OWTU wanted to get 49 per cent of the assets without paying for it. That is my interpretation of it. That is what I am seeing. I would welcome an explanation from the Members on the other side as to the difference. I cannot see it.

Let me move now to the Bill itself. Other Members would deal with the legal aspects of it. The Bill deals with a number of issues which are necessary. Nobody is disputing that it is not necessary to come to this Parliament to amend this Act. We have not said so. It is necessary to come to this Parliament to amend the Act because at present the Trinidad and Tobago Electricity Commission has a virtual monopoly on the generation of electricity. The Minister has the power to grant licences, but that is for discrete and distinct generation entities such as a hotel or large manufacturing company or industrial concern. That was never envisaged to take care of generating electricity for the whole country. It is necessary to amend this Act to allow the Minister to grant permission to an approved generator of electricity.

The other issues in the Bill deal with the mechanisms by which this is to be done, it also gives T&TEC some more flexibility that it does not now have. For example, clause 4 which amends section 31 will allow T&TEC to do certain things: It states:

- "(aa) to participate, with the consent of the Minister, in the formation of companies or firms which propose to engage in the generation of energy;
- (ab) with the consent of the Minister, hold shares or be a partner, and exercise the rights of a shareholder or partner, in companies or firms engaged in the generation of energy;
- (ac) with the consent of the Minister, purchase energy from an approved generator of electricity;
- (ad) enter into contracts of guarantee, surety or indemnity, create charges, liens, encumbrances or other forms of security interest over its property and assets and give any other undertaking in relation to its property and assets."

What the Bill is essentially doing is allowing the Minister to give someone other than T&TEC the right to generate electricity on behalf of Trinidad and Tobago.

T&TEC (Amdt.) Bill
[HON. C. IMBERT]

Wednesday, December 14, 1994

There are other clauses in the Bill and the legal luminaries on this side will address the other clauses in the Bill.

I want to come back to the divestment issue. Heavy weather has been made about this. I heard a comment about the Government acting in haste. This issue has been on the cards for over one year. This Government has been signalling to this Parliament and this country for over one year, exactly what direction it was going in, in this divestment. I have documents dating back to October 1993, over one year ago, talking about equity participation in the generation assets. The Minister himself came in March, nine months ago, and stated clearly—it is all here in black and white—exactly what the Government was doing; exactly what the process was for the invitation of bids; how to prequalify; the selection process; what were the elements of the winning bid and the benefits to the country.

Let us go to employment policies. In March, 1994, nine months ago, the Minister indicated by using the words:

"Madam Speaker, I wish to assure this honourable House that the Preferred Investor has given the unqualified assurance that all 510 employees, including the management and the professional staff, associated with the generation function of T&TEC will be maintained at least two years, and that all existing pension and provident fund rights and benefit programmes will be preserved.

Moreover, the Preferred Investor has also given the following undertakings:

to support the concept of an Employee Stock Ownership Programme (ESOP);

to implement an exchange programme whereby power station employees will be given the opportunity to become involved in staff exchange programmes.

Personnel will be afforded the opportunity for full time positions within Southern Electric International System."

A similar assurance was given in the divestment of one of the energy companies. I believe it is Fertrin and Urea. My understanding is—I am subject to correction—that the employees of these companies got pay increases after the companies Fertrin and Urea were divested and a similar undertaking was given to maintain employment of the employees for two years, the net result was pay increases for them. It was a benefit.

All I am saying is that we must not focus on these things as ghosts and skeletons. The fact of the matter is that the investor is indicating that he would

turn T&TEC into a profit-making enterprise. How else can an enterprise give its employees pay increases; increase their pension benefits; their general terms and conditions of employment unless it is making a profit? My view is that just like Fertrin and Urea, there is no doubt in my mind—I am merely expressing an opinion—that at some point in the future, the employees in T&TEC would benefit from the increased profitability of the operations of this generation company.

In answer to the question about what the consumers would have to pay, let me go back to my original point. T&TEC had indicated that in order to upgrade the plant it would have to get a loan with a Government guarantee and yet envisaged an indexed annual increase of rates over the next few years. We are moving from a situation where T&TEC had said categorically that if we are to upgrade this plant and borrow money, we would have to raise the price of electricity. That is the base situation we are moving from. I put it to you, Madam Speaker. I am sorry, Madam Speaker. I take back that. I thought I was in a court. [*Laughter*]

The preferred developer has indicated a cost of generation that is lower than the T&TEC issue and lower than what has been estimated—I want to clarify that point; an estimate has been made based on data available—what the OWTU proposal would cost. I want to make that absolutely clear; an estimate has been made taking into account all the details of the OWTU's proposal of what their generation cost would be.

5.45 p.m.

So that the information I have available to me is that the preferred developer will be able to generate electricity at a lower cost than T&TEC and at a lower cost than what has been estimated based on the OWTU proposal. These are simply estimates. I would like to clear that up.

If T&TEC was saying that they had to do something themselves; they had to borrow money and raise the price of electricity, I draw the logical conclusion that we are better off. We have to be better off. If electricity was going up over the next several years by a certain amount, if we had gone through with lending money to T&TEC and so forth, then certainly we are no worse off if we bring in somebody who produces electricity at a lower cost.

I cannot see into the future and indicate what the price of electricity will be 5 or 10 years from now, but I can tell you that if we had gone with the proposal where the Government would fund it, there would have been increases. My own analysis of this is, if these developers are doing it at a lower price, then we cannot be worse off. We have to be better off. That is my view of this whole matter.

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[HON. C. IMBERT]

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I think I have addressed all of the issues. The bidding process was fair. The evaluation was done professionally by competent people. An assessment was done by Black and Veatch, on behalf of the IFC, of the value of T&TEC generation plant, to answer a question from the Leader of the Opposition. The benefits to Trinidad and Tobago are tremendous and multiplicative.

We could not do it ourselves because we simply do not have \$300 or \$400 million to pump into T&TEC right now. Where would it come from? Could we have taken it out of the School Feeding Programme or some programme like that? Where would the money come from? We cannot borrow the money because the Members on the other side are always talking about our increasing the public debt. If we went out and borrowed the money, the first thing they would say is that we increased the public debt. We have a solution here where the Government has to put up no money; T&TEC has to put up no money and the plant is upgraded. This has to be a superior solution to either the Government or T&TEC providing the money. The solution of either the Government putting in cash or T&TEC borrowing it with a Government guarantee would have had adverse effects on the citizens of this country. They would have had to make up the shortfall somehow. We could have taken it out of the national budget or taken it out of schools, roads or hospitals, or put it on the public debt, and again our debt servicing goes up, and again we take it out of schools, hospitals and roads. This is a solution where we do not have to do that. That is the answer to why we did not do it ourselves.

In addition, there are other benefits—access to technology; improved access to spare parts and equipment; reduction in down-time; improvement in maintenance procedures; improvement in the reliability of T&TEC.

Finally, Madam Speaker, let me also say that something must be done about T&TEC, not next year or the year after, but now. I have made the point that the available electrical generation capacity is just over 600 megawatts. The demand in 1994 is just over 600 megawatts. It will go up in 1995 to figures I have here—653; 1996—673; 1997—693. So that, with the present outage rates, the present reliability, if we did nothing about the situation, we would not have enough generating capacity to deal with demand. The consequence of that would be load-shedding, outages, power cuts and so forth. We have to do something. I do not think anyone would be able to dispute that something must be done about T&TEC's available capacity now, in 1994.

We on this side believe that this is the best option. There are other people in the country—with all due respect to them—who hold the view that this is not the

best available option, but we believe that it is, for many different reasons. As I said, it does not require us to put out a large sum of cash and it is a realistic and viable solution to the problem of improving T&TEC's generation capacity over the next several years.

Also, I am satisfied that this was a completely professional process and that the integrity of this process can stand scrutiny. I therefore beg to move that this House support this amendment.

I thank you, Madam Speaker.

Miss Hulsie Bhaggan (*Chaguanas*): Madam Speaker, I rise to make a brief contribution on the Bill before this House. In so doing, it is very important for us to look at the T&TEC Bill and the whole question of divestment, in the context of what is taking place in the overall economy. In looking at the way this Government is carrying out its divestment programme, it is as if it is a drug addict—trying to sell everything in sight to ensure that it has a quick fix.

In the budget debate recently, we looked at the overall assumptions on which the budget was based and we discovered that some of the assumptions had to do with the fact that this Government is behaving as if this is a developed country. When the Member for Diego Martin East spoke, I got the impression that the decision to divest part of this particular enterprise is mainly an economic decision. I got very little indication that this was also a social question.

I know that in pursuit of a market-oriented economy, there are certain institutional and structural reforms which must take place. In addition to that, the role of the state must be redefined. However, we have to look also at the other partners involved in this—the social partners and, of course, the private sector. We have to balance that somehow because I believe in what is called a social market economy.

In looking at the whole question, therefore, of T&TEC, it is very important for us to understand that the Government has to intervene in areas where we need to promote certain kinds of basic human values and principles. When we think of electricity and water, we ought not to look at that as an economic decision, but rather, we have to ask ourselves how it impacts on the overall population. As far as we are concerned, every citizen of this country has the right to water and electricity as a basic requirement. The Government, therefore, has a responsibility to provide that at the lowest cost possible.

The Member for Diego Martin East was presenting a proposal, but it is a proposal which has not yet been implemented. We have known that in terms of

projections or estimates, one may sit within a room and make assumptions. In the first place, perhaps the Minister should have told us that in dealing with the estimates and projections and the various plans, what were the assumptions that those people who studied this organization needed to arrive at, the kind of figures and the benefits they are talking about. So we have to be very careful. In any proposal there are assumptions. What were the assumptions within these proposals when we look at the whole question of divesting the generation aspect of T&TEC? I think that is the first question we have to ask ourselves.

The second question is whether, in this global city of Trinidad and Tobago, we are happy with the present state of affairs within the basic utilities. Also, we have to ask why these utilities are in their present condition. The impression we get is that somehow it has to do with external factors. My contention is that the reason these utilities are in the state they are right now has to do with the fact that there was too much political interference. There were no persons who were qualified to handle certain functions within these organizations, and there was much patronage involved. And as such these enterprises and utilities were not operated in a professional manner.

5.55 p.m.

It is not as if we could have these utilities operating and not be efficient at the same time. What has happened is that the political interference has affected these institutions. The people now have to suffer because of that kind of intervention by those in power at that time and once more by those who are in power today.

The point I want to make therefore, is that in looking at this question of divesting any aspect of water or electricity, the various sectors in the various interests within this country should have been consulted properly.

I heard the Member for Diego Martin East saying, from their point of view they have arrived at this decision. That is fine with me, Madam Speaker. But they are not the only ones who will be affected. This is not just a question of being able to provide an economic activity or have profit-making within this enterprise. As far as I am aware the utilities are not supposed to make profit, but of course they should have some kind of surplus so that one would be able to re-invest plant and equipment and so forth. I do not see a utility being a profit-making enterprise, Madam Speaker.

Those considerations are mainly relevant when one is looking at enterprises based on business decisions. This question that there will be no price increases;

what guarantee do we have that there would be no price increases? Is this Government giving us a guarantee here today that the population would not suffer increases in terms of electricity rates? Who is going to give us that guarantee? If one is going to have a business enterprise in one aspect or a business decision being made in a utility, obviously business decisions are going to be made with respect to other areas. So whether it is just the generation capacity or whatever else, the point is, those persons who invest expect a return, and once they expect a return, they are going to pass on certain costs to the consumer. Unless this Government can guarantee that there is not going to be any increase, as a public, we cannot accept their word for it.

The other point I want to make is on the question of consultation. Why is it that we as Members of Parliament could not have been involved in reviewing this particular decision? I am not speaking here necessarily of the whole divestment programme with respect to some of the companies, but in particular the utilities, since as I said every citizen has a basic right to water and electricity. I believe that this Parliament should have been consulted with respect to that particular decision and as the Members have said before, all the relevant documents should have been brought to the fore.

In addition, there should have been consultations with respect to divesting this aspect of the utility. We cannot sit here and say that we have made such a decision based on economics. Today it might be divesting the generation capacity but tomorrow it might be something else. This is the first step and we have no guarantee again that this may not go beyond just generation. As such we have to be very careful.

Have we really been told what were the other options available to us with respect to dealing with this particular enterprise? That also leaves much to be desired, Madam Speaker. We have not really been presented with the real figures in terms of the investment, the returns—all the relevant figures—to be able to make that decision. Once more that is not available to us within this House.

Also, with respect to taxes, all of us pay taxes so that we could get basic amenities. Today, we do not have a bus service in this country. Today, we do not have proper facilities in the schools. All the amenities we pay our taxes for, somehow we are not getting them and now they are telling us that once more they are going to look at electricity and place the generation aspects of that in the hands of the private enterprise. Why are we paying taxes? Where are our taxes going? What use is being made of our taxes?

If one were to look at the development programme there are projects in there which I am sure we could have done without, and at least put some kind of subsidy within the utility, so that we would not give away this vital part of that particular enterprise. There is nothing wrong with subsidizing electricity and water. But what is important is that they ensure that they reform the various utilities so that there would not be wastage, mismanagement, top-heavy management; there would not be all these things where the money goes through. They would need to close up the loopholes. Just as there is public sector reform there could be reform in these utilities.

Mr. Valley: Madam Speaker, I am sorry to disturb the hon. Member's line of thought, but I wondered whether she would not consider that since T&TEC has a responsibility to provide low-cost electricity to the consumer, that its attempt to contract-out, so to speak, its generating capacity is part of the reform of that sector.

Miss H. Bhaggan: I am speaking about the structures internally: management system, procedures for operations. Contracting-out is one of the mechanisms being used in the developed world. I am not saying contracting-out does not have its merits. In certain parts of Government, in the Ministries and so forth, it does have some merit. But the utilities should remain utilities which are not touched by this kind of approach. When one speaks about contracting-out, I understand that concept and it works in some of the enterprises, but not within the utilities; one needs internal reform of the structures, one needs training of the staff—

Mr. Valley: Madam Speaker, again, let me just ask whether the Member would not agree that the efficiency of the service is the critical ingredient, rather than who provides it?

Miss H. Bhaggan: I agree efficiency is very important but the question is at what cost? And in particular at what social cost? It is not just a question of pure economics, and this is one of the contentions I have made in this House. There are certain areas in which we have to look at both sides of the coin, the economic and the social, and we have to weigh both. If as taxpayers we are paying our taxes and we are prepared to subsidize the utilities, that is fine. But I am saying at the same time we have to reform these utilities to ensure that taxpayers get value for their money.

We all agree that within both T&TEC and WASA there are wastages, mismanagement, top-heavy management; there are other areas where we could cut down. I have no problem with that. Efficiency does not mean that one does not have to take into consideration the social cost involved.

In parts of this country today there are many communities where there is no electricity at all. If one goes into an area where one is talking about the economics of the utility, it means that in those communities they will never get electricity because many times the decisions to go into those areas are based on business decisions within any private sector arrangement. This is not a question of cost. This is not a question of returns in economics. This is a question of whether or not people within the country would have access to electricity or not.

The Government has a responsibility to ensure that all citizens in this country have electricity. If this Government could guarantee us, that even with these arrangements, communities, especially in the rural areas, would get electricity and that the Government will ensure that, based on some kind of arrangement, then that is also important.

I am sure the hon. Minister will tell us how many millions of dollars have been put by citizens of this country to get electricity in the self-help arrangement. I am sure he probably has some figures right now. One of the points I made some time ago is the fact that if citizens in this country are paying taxes and they are prepared to pay their electricity bills, why is it so many thousands of citizens have to take money out of their pockets—especially poor citizens in these rural areas—to invest in these self-help projects and not get any return from that?

One of the proposals I had made to the hon. Minister then, was that people who invest in self-help projects must have a credit to their bill so that they would not, in addition to paying for a self-help project, have to pay also an electricity bill. I do not know whether that kind of proposal is acceptable. We have to find ways to be creative, ensuring that the citizens of this country are properly serviced, especially with water and electricity.

I am very skeptical about the decision to divest T&TEC and I am saying that we should have been consulted as parliamentarians, the social partners involved and also members of the public. This is not like urea or methanol which does have its trickled-down effect upon the rest of the economy and the country. This is a commodity where every citizen has a basic right to have that particular commodity and one where every citizen would be affected, regardless of what decision this Government takes with respect to electricity.

6.05 p.m.

Madam Speaker, I also want to make the point where the Member for Diego Martin East said that with this new partner coming into the operation we will have access to technology and new systems. That is a valid point. But the question is:

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Is this the only way available to us to have access to new technology and new systems? I would have thought that this Government would have found other ways of doing that. The Member is also asking where do we get money to be able to deal with these things. There are ways in which we could trim off the fat of certain projects. Right now this particular Government is engaging in all kinds of fancy projects. I am not seeing why, for instance, some of those moneys could not be diverted into helping the electricity company to get on its feet.

For instance my famous example; the URP programme, \$130 million is going into that programme. I can tell you for a fact, that at least 50 per cent of that is not being spent in a productive way. Why not take some funds from that programme and put them towards the electricity company so that all of us would be able to benefit from that? A look at the development programme shows there are certain projects which are there for political reasons, projects we do not have to engage in right now, but which could be for the future. We are saying, therefore, as taxpayers of this country, this Government has to reconsider its position.

Secondly, the trade union within that particular utility must be consulted and the workers must have a say. We are also saying that the citizens of this country must also have a say because this is a utility that will affect all of us. As I said, I am not going to be long on this particular issue because we would hear much more from other Members; we have had it from the Upper House and we have had it from the public. The question is whether this Government is prepared to sacrifice the social benefits for the sake of the economic. Very clearly, when one looks at what is happening with this Government they have gone straight into what I call the neo-liberal market economy. These hon. gentlemen and women are basically pursuing policies which are more suitable to the developed world. We have to find a way to balance ourselves because we are not a developed country, we are a developing country, and as such our policies must be so devised and so implemented that there is a balance between the social and the economic.

Mr. Imbert: I thank the Member for giving way. I thought in my contribution I pointed out that there could very well be a social benefit in that the cost of generation of electricity will be lower. There must be a social benefit.

Miss. H. Bhaggan: As I said, the Government is not willing to give a guarantee to the people and the citizens of this country that there will be no rate increases.

[Communication system malfunctioned]

Mr. Valley: *[Inaudible]* Madam Speaker, in view of the fact that the conversion cost here is cheaper than that of T&TEC as a result of this transaction there would be no rate increase. *[Interruption]*

Miss H. Bhaggan: Why does the Government not give us a guarantee? I recall, specifically, at a very early stage when we entered this Parliament that I asked: Are we going to have a devaluation? The hon. Minister of Finance stood up and said: “At this point in time, no,” and I pointed out to him then that he did say “at this point in time.” One year later the devaluation took place. The Government said with this particular project there is not going to be an increase, fine. But what is he saying, therefore?

Mr. Valley: Madam Speaker, I thought that is what the hon. Member asked me to guarantee and she asked me categorically to provide her with that guarantee, and I did. She asked me to guarantee that as a result of this transaction there would be no rate increase and I gave her categorical assurance. *[Interruption]*

Miss. H. Bhaggan: Madam Speaker, the time will tell—if the Minister will be here when that time comes—whether or not his guarantee can work. The cost of living has increased tremendously in this country. When we had our budget debate recently we mentioned the kinds of increases we have had. There were no real increases in wages and salaries, so real incomes are in a state of flux.

Within the past week we have seen so many murders taking place in this country. Much of it has to do with domestic disputes. I suspect strongly it has to do with the pressures of family life and the pressures of the economics of the home. We, therefore, cannot afford to have any situation where the citizens of this country are further burdened by any of the policies being introduced by this Government. The utility cost is a direct charge to the citizens of this country. This Government, therefore, has to be very careful when it decides to move into an area which affects every single home and every single child in this country. If families cannot afford these utilities it means that children will not be able to study; it means that small business will go under, because they will not be able to afford to pay any kind of increased rates with respect to the facilities that they are running. As such, this would have wide implications.

We are calling on this Government to rethink its position. We are also saying that there must be much wider consultation to ensure that the public understands what is going on. Secondly, to ensure that there will be different options available to this Government and, by extension, to the population at large. Our contention,

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therefore, is that the utility has nothing to do with profit-making, it has to do with the fact that one has to weigh the social effects with the economic effects. We are, therefore, urging this Government to reconsider its position with respect to what it is doing right now with this utility.

Thank you very much.

6.15 p.m.

Mr. Mohammed Haniff (*Princes Town*): Madam Speaker, I was looking out for a Member from the other side but, apparently, they have laid their case. I hope that by now they have listened to the wishes of those who have spoken on behalf of the masses, who have not got the information that is required, and that the Government is prepared to postpone this debate until such time that all persons concerned, especially the workers and their union, are given the opportunity to look at all the recommendations in detail. I hope that by now the Government has decided that. [*Interruption*].

Miss Nicholson: We are not talking for the union, we are talking for the country.

Mr. M. Haniff: That is right!

Madam Speaker, this Bill would not have even been before this Parliament—as was originally said—had it not been for the fact that T&TEC is controlled by an Act. It would not have been here. According to this document, some 21 companies have been divested. All we heard in this Parliament was when decisions were taken or when the Government was about to decide on divesting those companies. In this case, the Government is here because it is compelled to be here. It is here without the public and even Members on this side having had the privilege of discussing or examining the documents—a very crucial factor—which it is now prepared to lay on the table. For my own purposes, I have not seen those documents up to this time. Yes, they are on the table but they have not been circulated and, as such, there has been no consultation.

Madam Speaker, I am submitting that this Bill and the proposal to divest 49 per cent of the generating capacity of T&TEC—and as the Government plans to do with other companies, other public utilities—is not being done in the way that the citizens of this country expect it to be done. The citizens of this country need to know what is happening. They need to know the facts concerning each situation.

In this case, it is contrary to the spirit of the Constitution of this country because the Government stands here and says that it has decided. This is not one

of the companies which was losing money because the Government had put in many square pegs and, as a result, it was not interested in the management and that company was losing money so the Government decided to divest. We are talking about an essential state company, an essential service—T&TEC. We are talking about electricity; similar to water. Do you know what message this is sending? This is sending the message to the outer world—with respect to both T&TEC and WASA—that we, the people of Trinidad and Tobago, can do nothing for ourselves and, as such, foreigners have to be called in to manage everything. That is the message this is sending.

Madam Speaker, it is my understanding that a number of state companies—utilities and so forth—owe large sums of money to T&TEC. Those moneys have not been paid and, as a result, T&TEC has a cash-flow problem. In addition to that, the Government is now saying that the company will be divested, a certain sum of money will be paid by the preferred investor—the company which would take over 49 per cent of T&TEC—and we are asking for the details. A number of questions arise.

Surprisingly, I saw in the newspapers—I am not quoting the clipping but he will certify whether that is so or not—that the junior Minister of Finance said in the Senate that the Government plans to bring before the House its divestment policy. That makes me wonder what is happening. He went on to say that things were not happening willy-nilly but they were happening with a plan, and the Government intends to come to this House with a divestment policy soon.

In examining the *Medium Term Policy Framework*, I quote page 17:

"During 1994 Government continued to pursue the rationalization of the State Enterprise Sector with the primary objective of boosting economic efficiency, improving resource allocation and ensuring enhanced competitiveness in key industrial sectors. The rationalization of the sector has resulted in the reduction of Government's portfolio of interests in state enterprises from 87 enterprises at the beginning of 1992 to 66 by mid 1994."

My calculation tells me a difference of 21. This does not include T&TEC, WASA, National Flour Mills, BWIA and so forth. Some time in the future the hon. Minister intends to bring before this House Government's divestment policy. Of course, if there is a policy, that policy should have been here. This Parliament, on behalf of the citizens of this country, should have looked at the Government's policy and the companies to be divested so that the citizens of this country would have been aware of which companies would be divested.

Mr. Valley: Madam Speaker, if the Member would give way—I answered that only yesterday in the Senate. Our manifesto position is there. The *Medium Term Policy Framework* outlines the policy. The White Paper is more in the form of a report on divestment rather than basic policy issues.

Mr. M. Haniff: Madam Speaker, notwithstanding what is being said, I want to make the point that I spoke about T&TEC in my contribution to the budget debate and I am not satisfied. Today, during the debate, I stepped out and had a discussion with some very prominent people in the community. Do you know what they said? Unfortunately, this debate is taking place without the citizens of this country having full information as to what is happening. It is a matter of privatizing or divesting—as the Government would prefer me to say—a percentage of T&TEC's generation plant but, at the same time, very little information is outside.

However, I am prepared to stand here and publicly commend the Oilfield Workers Trade Union and their workers for, not only seeking their own interest but for looking at T&TEC in the context of the national interest. In so doing, they have submitted proposals. They have been examining what is at stake and have prepared a document—*The Case Against the Sell Out of T&TEC and the National Interest*—which I have looked at. That document outlines some of the studies which have been done in this country.

Apart from reading this document, I have attended several discussions on the divestment of T&TEC. As I stand here and look forward I see some very distinguished gentlemen who have been and still are involved in T&TEC. They have made recommendations which are listed here, and, unfortunately, they do not seem to be in a position presently to even implement the very recommendations which were made.

I draw reference to some of the studies which were made and ask Government to respond to those studies, answer some very simple questions and, furthermore, to consider, even at this ninety-ninth hour, whether it is not prudent, whether it is not prepared, in the interest of removing any suspicion—if nothing else—to give some time for proper dialogue and consultation, even on the suggestions made here today with the workers' representatives and other interest groups.

6.25 p.m.

This is a very serious issue being discussed, at this point in time, in this country, and I submit that enough consultation has not taken place.

"In August, 1990, T&TEC did an internal investigation of its operations to see in what ways it could improve its efficiency. The investigating team was led by the then Chief Engineer, Generation, Mr. Stanley Ottley, who subsequently became General Manager. The OWTU participated in that team known as 'The Ottley Task Force'.

Madam Speaker the Ottley Task Force, among other recommendations stated that:

"T&TEC could significantly improve the reliability of electricity and save money by more effective maintenance. More than 150 specific proposals were made for both generation and distribution."

Madam Speaker, I have not had the benefit of any explanation as to what became of the Ottley Report, as noted here. We are speaking about a person who was Chief Engineer, and who eventually became General Manager and formed a task force. I, and many people in this country, have not had the option of knowing, up to this point in time, what has become of it.

These and many other recommendations, for example, by T&TEC's own Dennis Singh, Superintendent, Engineering Services, and Merlyn Ramjohn, Assistant General Manager, Administration, who wrote a paper on Strategies for Demand Management and Energy Conservation were never implemented. Of course, I heard the Minister speak about it being a technical matter, but have we examined it? If yes, who examined it, and what explanation was put forward, as regards those who are trying to pass the word around?

Madam Speaker, let it be clear that for my own purposes, as I said, and I will say again, divestment and privatization, yes. In its manifesto the Government said that it will divest those enterprises that are losing money. It was quoted a while ago—and they will retain certain management personnel. I am saying, divestment, yes. But here we are talking about essential services. We are talking here about Amoco Business Company development. Amoco are the ones taking the gas out of the ground in this country and who have the gas in their control, while it is coming out from this country. They are going to join with another company to convert that gas into electricity. One of these days we will get up and not find Amoco to get them to generate, because we are putting too much power from an essential service into the hands of foreigners. That is my view.

I just referred to the demand management and energy conservation. We have not heard anything about it. T&TEC prepared a report in October, 1990, entitled *Generation Explosion Planning, 1991—2010*. [Interruption] Of course, reference

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was made to it. That document has not been made available to us on this side up to this point in time.

Mr. Imbert: Which document?

Mr. M. Haniff: The 1991—2010 Report made by T&TEC. I have no doubt that it is available. I have not seen it. It is now being laid and that is the point I am making, and the Minister is saying that he himself now got it.

Mr. Imbert: No, no. I did not say that.

Mr. M. Haniff: Madam Speaker, that is the situation. This Report concluded that—

"T&TEC's effective capacity had to be increased and proposed several alternatives including new plant, or refurbishing existing plant, and utilizing different reliability criteria together with better, more timely, maintenance".

All that sounds to me quite logical, but what has happened? As far as I am aware, nothing has happened with these recommendations. None of the recommendations for a better, more efficient T&TEC has been implemented. Instead, the utility has been allowed to be further run down in the several years of inactivity. The step-up for privatization was well and truly underway. That is what has happened with T&TEC, like many others—WASA is no different—run down the whole utility so that the public will say: "It is time to divest, time to privatize".

Madam Speaker, I make reference to yet another study. The auditing firm of Ernst & Young was contracted in 1990, by T&TEC to perform a comprehensive management and operations audit, the objectives of which were to:

"increase the efficiency of T&TEC through improving allocations of scarce natural and human resources in the operations, maintenance and investment activities of the utility; the economic use of electricity through an adequate pricing system to promote conservation."

The final report was submitted to T&TEC in January, 1992.

Today, reference was made to this again, and parts of it, I understand, were being read. I managed to have some information on that and the frightening aspect I have come up with, is that among other things, the price of electricity will increase by 240 per cent during a period of several years, I think, from 1995 or 1996 up to four or five years—240 per cent, Madam Speaker.

But, perhaps, there were other recommendations, other aspects of this Ernst & Young study. The big question I ask, again, is: What has happened? Are the Minister and the Government satisfied that enough discussions have gone into this, especially, as I said, now in this time of divestment, it is crucial and important to take the workers who have to run this plant and the organization into consideration. Are we satisfied with the kind of dialogue and discussion that has taken place? In my view, the answer is no.

Madam Speaker, the Oilfields Workers' Trade Union submitted comments on both the Ernst & Young report and the Ottley Task Force report to the Cabinet appointed "George Brathwaite Committee"—another committee—

"In our comments..."

that is the OWTU's—

"we supported most of the recommendations for greater technical efficiency, improved maintenance, better revenue collection and more effective management."

Their areas of disagreement lay with matters that required industrial relations negotiations.

If it was so then, I submit, based on discussions we have been having with officials from the OWTU, Madam Speaker, that is even more crucial now. That aspect of it is even more crucial at this stage. If some of those negotiations are not settled, then, perhaps—as is being said on the outside—the real fear is what is going to come. And that is, to contract out most of the labour. That is the fear. That is one of the fears.

Mr. Imbert: Based on what?

Mr. M. Haniff: Based on the fact that the history of one of the companies coming in, SEI, is that they have a few workers on their payroll. The others are contractors. They are coming with a view, probably—and that is the trend we have seen from this Government—in every single aspect of the utilities and Government agencies, they are doing away with workers. The clear intention that is showing up is that this Government does not wish to pay severance pay, sick leave, and vacation leave to workers. They are doing away with workers

Dr. Baboolal: Not true.

Mr. M. Haniff: That is true. I can point out some of the areas. It came up clear in the debate here. Why fill those vacancies? Contract them out!

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Madam Speaker in November, 1992, the Ministry of Energy published a Green Paper for an Energy Policy for Trinidad and Tobago. Where has that Green Paper gone? This Green Paper gives recognition to the fact that, in their own words "electricity is a prize source of energy for use in industry and in the households of Trinidad and Tobago."

6.35 p.m.

That is quite clear. What, however, has become of it? The OWTU's proposals state:

"The Green Paper went on to state that 'Demand is expected to grow by a modest 3% every year. Such growth according to T&TEC's estimates would require new additions of generation capacity and/or rehabilitated plants in the years 1995, '96, '99 and 2001. The capital investment required for capacity expansion for '95 and '96 is estimated to be \$TT 800 million.' However, in the very brief section on electricity, the Green Paper in terms of paper, in terms of policy proposals states only that:- This strategy will include (a) A pricing policy that is fair and equitable and takes into account the genuinely disadvantaged household;"

Looking at this aspect of it, one would understand that is an area we need to look into, because many households cannot, at the present rate, afford to pay for electricity. As such, a Green Paper was proposing that we look into it. Anyone would commend that. What is the present position, however? It continues:

- "(b) A change in the system of adjusting the tariff structure;
- (c) A de-monopolisation of bulk generation of electricity, where such measures can lead to reducing demands on T&TEC and the Government of the large anticipated capital investments."

Among their recommendations we heard about new plant. In fact, when this issue of divesting T&TEC started coming around, what we heard of was new plant because there is need for additional generation. Listening to the discussion, I am amazed that in several years from now with their present proposal, there would be no new plant to generate additional electricity.

Interestingly, the Member for La Brea, when he was making his contribution to the budget debate, mentioned, among other things, that in the industrial site that is to be set up in La Brea, they are looking at the possibility of micro-generation of electricity plants in that area. Is that not an interesting aspect of this discussion? If we are to have a new industrial site, is that not making sense, in the present

situation, rather than carrying about the talk that there is need for so much more megawatts of electricity to be generated and when the companies come here they would not have electricity to use, and what have you? With all these recommendations, again I ask: What is the position concerning the Green Paper and all the information that is lying there based on the studies which were done?

A very interesting aspect of what has been transpiring is seen on page 7:

"In May 1993 Ken Valley, the then Minister in the Ministry of Finance responsible for divestment stated publicly that 'the Government had decided to privatise T&TEC'. when pressed by the OWTU, the Prime Minister stated that the statement was 'premature'."

I am convinced that the decision to privatize or to divest took place around that time, but because of the fact that discussions and dialogue and because of promises by the very Prime Minister to the Oilfields Workers' Trade Union and to others, that their proposals would have been given due consideration—bearing in mind the fact that a large section of those who commented on it, including those at T&TEC, recognized that the OWTU's recommendations made a whole lot of technical sense and it was repeated here again—*[Interruption]* That is right. It is not being disputed now. But they were not consulted when the decision was taken to divest and to look for a preferred partner. They were left out of it.

I could close this contribution now if I get a commitment from the other side that they are prepared to examine all the recommendations with the Opposition and, indeed, with members of the Oilfields Workers' Trade Union, because they are the ones to continue to operate the plant. They are saying that it is not only their interest. Because of their involvement in the supply of electricity, they are speaking on behalf of the people of this country and they are seeking their interest, because this is too much of an important issue.

As such, the Government went on to make a number of mistakes, statements, all sorts of things. I want to give, in a nutshell, some of the hoaxes, so to speak, that were pulled during this period. I dare say, when this hon. Minister took over the ministry, when Public Utilities was added to Energy and Energy Industries, some of the decisions had already been taken. It is my belief that this Minister is not fully aware of all the transactions which have taken place. Unfortunately, he has the burden of carrying the responsibility of divesting T&TEC, of bringing foreign management in WASA—PTSC as well, sending home 1,000 workers.

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It continues at page 11:

"Hoax #1 All Government spokesmen, Prime Minister Patrick Manning, Minister Ken Valley, Professor Ken Julien, T&TEC's General Manager, Mr. Stanley Ottley and the late Minister Morris Marshall all proclaimed that T&TEC needed to install new plant to generate some 150 to 200 megawatts of electric power between now and the year 2000 costing TT \$1 billion."

Based on discussions and on information coming out, while the late Minister of Public Utilities was involved in this discussion, he was very reluctant to agree with that issue of divestment. He, like many others, thought that electricity was too important and should remain in the control of Trinidadians and Tobagonians. It continues:

"Two questions arise: (a) Does T&TEC need to get this additional power from new plant? and (b) If it does, is there a commitment by the preferred joint venture partner to buy the new plant?"

The answer to this question is coming out from what was said by the Member for Diego Martin East. The answer is, no, there is no plan at this point in time and it will not be required in about four or five years' time, based on what the Member for Diego Martin East said. The article continues:

"Where then is the need for the previously touted expansion? This is the heart of the matter. The Government's entire argument hinged on the need for the new plant. We said, no. Prof. Julien said our proposals made good economic and technical sense."

Not only technical sense, it made good economic and technical sense. The Member for Diego Martin East went on to mention this on several occasions, but he—I would say—accidentally, left out "economic." He mentioned "technical sense" but he did not recognize—perhaps he made a mistake—that the proposals made "good economic and technical sense" according to Prof. Julien. I am simply saying that while mention was made of the technical sense of this proposal by the Member for Diego Martin East earlier today, he left out, "economic."

6.45 p.m.

I am emphasizing that the proposal made good economic and technical sense. So said Prof. Julien. *[Interruption]* He is still the professor. *[Interruption]* There is one problem with that.

Madam Speaker,

"Minister Barnes in Parliament stated 'the OWTU's proposals were technically very sound'. Prime Minister Manning publicly echoed this. Black and Veatch stated that what we..."

the OWTU,

"...proposed could be done. Ernst & Young advocated what we subsequently proposed. T&TEC itself in its document, 'Generation Expansion and Planning 1991—2001', listed as an option what we proposed as an option." *[Interruption]*

Yes, I am quoting from it. I already named the source, Madam Speaker.

Madam Speaker: That is what I was asking. I thought that was your contribution. Did you give the reference?

Mr. M. Haniff: Of course, and I also went on—and I will do it again—to compliment the Oilfield Workers Trade Union and its staff—

Madam Speaker: Is the Member reading the entire document as his contribution?

Mr. M. Haniff: No, Madam Speaker, I am making references.

Mr. Eckstein: Extensive reference!

Mr. M. Haniff: Madam Speaker, I am coming to the point where the present Minister stood up in this Parliament and gave a breakdown of how the US \$107 million, which is to come from the preferred investor, is proposed to be spent. The Minister said as follows:

"(i) A cash payment...of US \$71.6M;"

That is one cash payment. Up to this point, I have not heard any Member indicate in his contribution, what is intended for that US \$71.6 million. Is it going towards the generation of electricity? Perhaps, we would get the answer, but up to this point one can observe very clearly that all sorts of comments were made, but no reference to what is likely to happen to that US \$71.6 million out of this US \$107.5 million.

The argument, therefore, is minus US \$71.6 million and the balance goes into the generation of electricity as follows: commitments of US \$19.6 million for plant upgrades; US \$14.9 million for plant maintenance; US \$1.4 million for the provision of working capital. Not one cent, and certainly no TT \$1 billion for

generation expansion. That is the argument. While this argument started about the need for new plant and added generation, we have investments of \$107 million minus \$71 million, going into maintenance, plant upgrade, working capital and so forth. We need to get that answer.

It is my submission that the sale continues. The Government is looking for US dollars to show the population that the economy is picking up and that the trade balance and our foreign debt repayment are good. At the same time, 21 companies have been sold, now the Government has started to sell off the essential services; T&TEC now, WASA and PTSC to come soon and so forth. That is the danger!

The vast majority of this US \$107 million is not being pumped into the generation of electricity at all. That is one of the major concerns. Now that the proposal is to divest 49 per cent of the generation capacity, obviously, the next question is: When would the next 51 per cent of generation capacity be divested? And, of course, next to that question is: Would T&TEC, generally, *per se*, be divested? If the answer is no, why is the Government seeking to divest generation capacity only? Are they satisfied, generally, with the operations of transmission and supply? Perhaps, the Minister may care to tell the House.

This whole situation is hinged on different information coming forward at different times. As such, there is need—I cannot over-emphasize the need—for us to organize a debate, and cause Government—the people who are claiming that this is the best proposal—to explain. The fact is that if this is not properly analyzed, and people of this country do not have the opportunity to examine it in detail, how can it be determined whether or not this is the best proposal?

Not being a specialist, I could very well say that, perhaps what the Government is saying is good, but the information I have is leaving certain doubts. Why not let the Parliament take a decision in the interest of the people of this country? Put some on that side, put some on this side, look at the facts, weigh them, because when this decision is taken, one would be talking about T&TEC and supply of electricity, an essential service. It is too crucial. It is simply too crucial for the Government to take a decision, then come to this House to say it will be debated and lay the documents on the table—from here I can hardly see the colour of the cover, far less the information therein.

Madam Speaker, there are a number of questions. I can go on to point out, based on the research done by the OWTU, a number of points that are crucial and which have to be answered but are not. I was looking at the news last night of the debate in the other place and a gentleman who was very much involved in T&TEC

was pointing out that electricity is too crucial and we ought to take all steps to examine all recommendations made in the past. I have not heard about the cost. We have not heard of the cost of the research done by Black and Veatch, Ernst & Young and so forth. This goodly gentleman was making the point that everything possible should be done so that Trinidad and Tobago could retain control of the Trinidad and Tobago Electricity Commission because of its crucial importance. *[Interruption]* He is absolutely right.

Like I said, the Government is starting with 49 per cent of the generation capacity and I have reason to believe that that divestment will continue. In my view, the Government made a list of 87, threw it out to the international community, started to look for investors to come in and whichever company they got an offer for, that will be sold; be it essential or not.

6.55 p.m.

In this country or in any other country, is it fair for us to be calling in foreigners to manage everything that we can do for ourselves? Is it not a slap in the face of our managers after 32 years of independence? Are we saying that they cannot manage?

Madam Speaker, I stand here convinced that with the input of some capital—and I am drawing as reference the money that is now being injected into WASA—we need not have foreign managers. We must find the means to give our people, our managers, our workers and our citizens of this country, if not the others, T&TEC and WASA. We deserve to have full control of electricity and water in this country as a people. *[Desk thumping]* It is too essential, too crucial.

As I have said before, when I have conversation or dialogue with the Minister concerned, I always get the impression that he appreciates what is being said. In this very document it points to the fact that after that period when the Minister, who unfortunately passed on, the Prime Minister took over the Ministry of Public Utilities himself. I do not know what transpired, but I also feel strongly that the present Minister is not fully aware of what transpired during that period until he became Minister of Public Utilities.

We have not been privy to the information that is before the Government. We have reasons to be suspicious of the decisions being taken, the criteria being used to take these decisions, and as such, there is need for us to find an avenue to have dialogue, and I must emphasize, dialogue with both sides of the House and with other key players in the country. Electricity and water, and public transportation—at least those three—we need to examine very closely before we

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put them in the hands of those whom we may not eventually have any control over.

This is my contribution and I end by saying, that it is my view too, that the other aspects of T&TEC also need looking into. One wonders why only generation and not the whole thing, and if in our dialogue we can look collectively at the whole issue and the Government can convince the rest of the nation that what they are doing is true, then we would have been on the right path. To divest T&TEC without the kind of support that is required in this House, and the population together, if the Government does not have the people behind it in taking such a decision, the decision may eventually be what we do not want it to be.

Madam Speaker, with these few words, I thank you.

Mr. Gideon Hanoomansingh (*Point-a-Pierre*): Madam Speaker, I believe very sincerely that this is a philosophical issue. When we look at some of the issues in this country that have a tendency to affect the lives of people, then I must submit that we have to look at it from that standpoint. It brings me back to all the arguments which we have heard so far in this honourable House in terms of the issues for and against this matter that we are looking at today.

I remember earlier on in his contribution, the honourable Leader of the Opposition was calling some names of people whom he suggested should be part of the management of this new joint-venture company that is to be formed. While he was privy to some of the names that I was not privy to, the final name which he called I was privy to. It was only on Saturday that I heard the name of Mr. Watson, as the person who is touted to be the financial comptroller of this new arrangement. I did not get that name from any of the members of the OWTU, the people who supplied our side with research and documentation. I heard that from a former colleague of Mr. Watson, who innocently said to me, "one of my colleagues has been to Atlanta, he has been in training and he is to assume a high position with this joint-venture team."

When we hear that Members on the opposite side are not aware of that issue, then it raises in my mind a kind of suspicion, a suspicion that tells me either the Government is not prepared to make known that fact at the moment, or there is some reason why it is not saying so to us on this side of the Parliament or to the public at large. A suspicion, in a case like this must have consequences. That is why I say this matter is philosophical. Philosophical in the sense that when it touches the lives of people, as an issue in the divestment of a state enterprise, then we have no choice but to question the motives and to question all the scenarios around which we talk and debate.

I remember as a little boy growing up in Cunupia without the benefit of electricity, studying with the flambeaux and candle lights, as many of the Members here perhaps, experienced. When the thought came to me that this was happening, I thought if at all we did not put the controls in place, if we did not think carefully of what we were doing, our mission of making the children of today the recipients of benefits that we did not experience, perhaps, that is a far-fetched thought.

We have heard a guarantee from the Member for Diego Martin Central that this deal that is now being made will not result in an increase in electricity rates to the people of Trinidad and Tobago. Whilst he was yet contemplating a response to that question—which came from the Member for Chaguanas—I remembered listening to a conversation at the end of his table between the Member for Laventille East/Morvant and the Member for Nariva, and he was at pains to say to the Member for Nariva that no man can give a guarantee. Here it was one of his colleagues on the other side of the table was, in fact, giving a guarantee that there will be no increase in electricity rates as a result of this deal. Another element of suspicion, but then again, they are all men, human beings and they could be at variance, even though they are on the same side, in thoughts on whatever they contemplate as Members of one political party and certainly, a Government.

I do not know to what extent I am convinced that this debate really deals intently with the question of efficiency. I have a copy of the PNM's manifesto and I would like to read a portion of it and quote from page 12 of the manifesto that deals with 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;
- 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;

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

It continues:

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

I am wondering to what extent what I read here and what was printed and touted about in 1991 relates directly to the issue at hand today. Because, this has been the experience of a struggling Third World and developing nations.

7.05 p.m.

Guiana is an example of what we are talking about. Of course, there are examples in Barbados, all the islands of the Eastern Caribbean, in the Middle East and other countries that have found themselves in the stranglehold of the new colonial masters called the IMF.

In my opinion, I feel it is not wrong to say that recolonization is in fact taking place in Trinidad and Tobago. We are not moving forward as perhaps we want to believe. The Member for Princes Town was asking the question, after 32 years of independence: What has happened to the vision of the founding fathers of this nation who decided that we must be the masters of our own destiny and we must have the shareholding? When the national ownership plan came on stream, it came on stream to save the children of this nation. What is happening now? Is it as a direct result of mismanagement? We must continue to ask that question because when we get ourselves into a situation, we not only speak on this side as members of an alternative government, but we speak as citizens of Trinidad and Tobago.

We must take into account the views of people everywhere. I am not one of those Members of the House of Representatives who would say we represent the views of only one section of this community. Unfortunately, there are people outside there who do not have an opportunity to come into the House of Representatives and voice opinions. In the same way they do not have an opportunity to get articles in the newspapers, get their voices on the radio and have their pictures on television to extol their virtues. That is why when we stand here we have to consider the consequences of our decisions at all levels and how what we do in this Parliament, in terms of legislative measures, will affect the entire country.

There are few inconsistencies which I recorded as the hon. Minister made his presentation, as opposed to the contribution by the Member for Diego Martin East. One observation is that when the hon. Minister was talking about the amount of generation capacity that was needed, I remember him saying from 1178 megawatts to 1516 megawatts by the year 2010. When the Member for Diego Martin East was making his submission he talked about 1300 megawatts. I wonder if there is a variance there and if—

Sen. Barnes: The Member for Diego Martin East also spoke about 999 instead of 1178. My figures there are total installed capacity. I think he was using figures of available capacity.

Mr. G. Hanoomansingh: It had nothing to do with a difference of opinion.

We heard from the Member for Diego Martin East the arguments about why this issue should be supported by us on this side. He talked about so many important issues, in his opinion, that would be of benefit to the nation in terms of eliminating the outages, and the whole question of load shedding. He was making the point that, if it is that we accepted the joint venture arrangement with Southern Electric International and Amoco, then what we would have been doing, in actual fact, is preventing the issues that really affect us from a social standpoint.

When there is a lack of electrical power in the country, from a residential point of view we understand the consequences. When in 1990, I was a member of a team that unofficially held me, their friend, for six days, I saw what happened in Chicago. There was an electrical outage and it was there in that American state that all kinds of things happened. Unfortunately, at the same time we had a problem with the electricity supply in Trinidad, the same thing was happening. I cannot understand that if we are going to determine that we will allow ourselves, at some point in time, to be used by people who are on the outside, then we must realize what we are doing.

I have heard so much about Southern Electric International and Amoco Development Company and I am wondering to what extent we really have this great confidence in Southern Electric International. As far as I understand, Southern Electric International is a unit of Southern Company which is the parent company of a firm of five electric utilities in the United States, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and Savannah Electric.

I would like to remind the hon. Members of the House that I have friends in the great city of Atlanta Georgia. It was in that city, the home of CNN that I made tremendous contact with people there; and I have affiliates there who were

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broadcasters like myself. It so happens that from the research they said that what was happening with industries such as Southern Electric and Georgia Power, especially, is that they were in the habit of manipulating small companies. They were taking over these small companies in order to create a monopolistic situation.

If that is the case then one has to ask the question: What is the Government's difficulty in accepting T&TEC in a monopolistic situation in this country? Maybe, I am misinterpreting the tenets and the good nature of the presentation by the Minister but, I feel that if T&TEC is supposed to be an organization of the state that has a responsibility to provide electricity which has become an essential service in Trinidad and Tobago, I feel that it should be the kind of situation where the Government would caress and safeguard as much as possible this kind of utility.

Sen. Barnes: I just want to ask that if the Member understands that the transmission distribution of electricity to Trinidad and Tobago, is where the obligation to the citizens really arises. What he is saying is that if any private generator, LNG plant, wants to generate electricity, you would oblige him to sell it to T&TEC, and leave the exclusive right of T&TEC to distribute that. In essence, he is maintaining T&TEC's monopoly in transmission distribution. Because of the circumstances, we would be allowing the possibility of other generators to come in.

Mr. G. Hanoomansingh: I do not know to what extent we can rely on the guarantees to come that will really safeguard the public's interest. I do not know. We are dealing with human beings, people who, whilst they may be sympathetic to our nation, are coming in as people who are involved in business. Are we to believe that they are coming here not intending to make profits? Of course that is their intention, and we expect them to do that.

7.15 p.m.

This brings me to the point where we talk about the whole question of cost and to whom. The interest generated in this debate from the outside is really: Is there going to be an additional cost to the consuming public as far as the generation of electricity is concerned? The Minister did say that gas is, perhaps, a major factor which will determine whether the cost will be increased to the consumer. If that gas is delivered to the company free, and if when the conversion takes place by the new joint-venture company it is sold back to T&TEC for generation, are we to believe that there is no cost factor anywhere at all? The

question is: Who is really going to absorb the cost? There must be a cost factor somewhere. Will the joint-venture company absorb that cost? Will the consumer absorb that cost? If T&TEC has to absorb the cost of generating electricity in the country, there must be some measure of the cost factor. I think that this is one of the questions that worries Members on this side, and by extension the wider public.

We have to agree that nothing is free. If a person is taken to lunch, not even that is free, because somewhere along the line, if he has to provide information during the luncheon, he is giving something for that free lunch that he is receiving. When we talk about transparencies, I do not want to get into earlier arguments put forward by other Members, but these are some of the things we want to look for.

I believe that we have to carefully analyze and understand the situation before we can give our stamp of approval to it. I made the point about having heard from people in Atlanta that this deal was signed already, and earlier it was said that the deal was finished and that it was only a question of the paper work to be done. We come into the Parliament and engage in a debate and we want to know if it is so or not. If it is that we have to come here and rubber-stamp this matter, then I think that we should question ourselves as to our purpose here.

The Government talked about the provision of electricity for 48 new communities in Trinidad and Tobago, and we have to question if all does not go well, what will happen. There are people in this country who cannot afford to pay electricity rates. Sometimes we see on the television, because this is the season of goodwill, there is a rush to get to T&TEC to pay bills. There are people who have been disconnected and who have difficulty in getting a reconnection because they do not have the financial wherewithal to achieve that. When that happens one can well imagine the social consequences which will take place. There are people who are stealing electricity in this country. I am sure that the Minister will agree with that and officials at the electricity commission will also agree with that. That is a state of desperation. When things reach that state, what happens? They endanger their lives and what redress do they have? None at all, because they are engaging in an illegal activity.

The whole question of desperation comes because we all want to enjoy the better things in life. We all want to look at television; we all want to listen to the radio; we want to have a refrigerator, and because we do not have electricity we are denied these basic rights or amenities. These days a refrigerator is not a

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luxury, it has passed that stage because we live in a hot country. And we need some form of entertainment.

There was a time, and I want to believe still is, to a large extent, when the Caribbean paid very special attention to the social factors. Long ago, in the 1930s and 1940s, when electrical power was not what it is today, people still enjoyed some measure of life with dignity. We believe that if we cannot now provide an amenity or commodity like that because of increasing prices, then we are denying people a right. We are putting people in an inequality situation. We will be widening the gap between those who have and those who do not have.

It is normal for people to want a facility but when they cannot get it, what is their recourse? They try to get it at all cost. They are tempted and even at gunpoint take what is not theirs only to satisfy the needs of their families. Whilst that is wrong, there is an inherent need in people and we must look at these issues as some of the social consequences of any possible attempt to deny people a right to a commodity such as electricity.

What has happened to the whole question of conservation? Has there been a deliberate policy on the part of the electricity commission as far as conservation is concerned? I do not know if such a policy exists. We talk today about increased generation. The hon. Minister talked about conservation and demand management. I remembered him saying that an effective tool in Jamaica and Guyana was load shedding. I do not know if we can really compare Trinidad and Tobago to the situations in Jamaica and Guyana. There was a time when one could not get electricity in any part of Guyana for months and that was because of the situation in which that country had found itself. When I talked earlier about the stranglehold of the new colonial masters, that is what I was talking about. It was the American administration of the Kennedy era which took Guyana down the road to destruction because of ideological differences.

When one goes back into history and understands exactly what happened in the case of Guyana because one politician was playing against the other at the whim and fancy of the American administration at the time, then one can understand very clearly that sometimes we will have difficulty in accepting the same kind of participation whether in friendship or business in a country like ours, because of the manipulative aspects of the situation which could develop in a small country like ours, which is vulnerable. We have to take that into consideration at every turn.

The conservation policy that we are talking about could very much lead to the whole question of sustainability, and we have been talking very much about

sustainable development in Trinidad and Tobago. In the United States, when the oil crisis came and there was a lot of oil money, the administrators insisted right away that automobile manufacturers devise means of producing engines which were suitable to the atmosphere and which were able to contain whatever emission interfered with the atmosphere.

7.25 p.m.

With the production of refrigerators, they also designed gadgets to ensure that there was a measure of energy conservation. In many other countries the same pattern followed and I am sure, before long, we would get to that stage, but I feel that it is important to bring these elements into the debate, because we are not only going to stand on this side and say that we do not support the measures because of the suspicion and our own feelings about why this should not take place. I feel that it is also instructive of us to offer ideas so that at least Members on the other side, will, at some point in time implement them for whatever they are worth to the wider population in Trinidad and Tobago.

We have to really think carefully about the future. I remember a panelist in a talk show saying that Government virtually gave away natural gas to the multinational corporations, because at the time the country did not have the expertise to study how the natural resources of the country could be fully utilized. At the time we did not have the wherewithal to deal with it as a result of which huge leases were signed. These leases were done in such a way that even with the increase in the price of natural gas on the international market, we could have done absolutely nothing to recover anything at all. As a matter of fact, what was said is that there was very little flexibility in the leases to recover what was happening.

Maybe the same situation has developed in Trinidad and Tobago, where we are giving many benefits to the users of industrial power. There are over 500 industrial users of electricity in this country. My information is that the rates for large industries is lower than that for commercial and residential purposes. If that is the case, then these are some of the issues we should look at. I am sure that the case would be put forward that this deal is necessary because the commission has not been successful financially.

This is as a result of years of continuing maladministration. Why can we not say, as was said earlier on, that perhaps management is one part of the word, mismanagement is the word. If we could look at situations in this country, especially with the electricity commission, where it has reached the stage where it has not become so awesome, that we have to invite the joint-venture arrangement

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to correct a bad situation, in this case because we do not have the money. This, among other things is all that has been said so far, but one of the principal reasons is that we did not have the money to provide the spares, we did not have the wherewithal and the expertise to locate these spares and bring them to Trinidad and Tobago, or that it would have taken one year to get these spares.

I do not think that we are so far away from the United States, Madam Speaker. When deals are struck, they are done so quickly and I believe that it is perhaps the simplest plan to get onto an aircraft and get into Miami, New York or Chicago, because no longer are we in a situation where we have to get on a sail-boat to reach to North America after 35 days. We have telephones and fax machines: accessibility is so easy. What really makes it easy, Madam Speaker—

Sen. Barnes: I would intervene just to explain to the Member what the problem really is. Specialists equipment—there are only six makers of turbine—you can go, you can fly; that is easier than picking up the telephone. But T&TEC places one order for one turbine rotor and finds out that Westinghouse, whom they have called, has an order for 25 from Saudi Arabia and they would tell you that you come once every three or four years. It is literally sad. It is customer relationship, the size of the body that we are.

Mr. G. Hanoomansingh: I wonder to what extent it has anything to do with planning? We get involved with projects that are very ambitious and somewhere along the line we do not do the necessary back-ups to ensure that there is continuity of the system. We are talking about money and we are saying that we do not now have money and we have to wait until we get \$700 million from this new joint-venture arrangement. T&TEC was operating at a time when this country had money in excess. What happened then? Is it that we were not planning? If the Minister is saying that demand was not what it is today, then I am asking the question, were we not planning for the future? Could we not have contemplated that this population is going to increase by x number of people, like in the water situation of the country?

We are in a situation in this country where every year there is an increase in the number of people who use potable water. Yet it seems as though it is so difficult to anticipate by the year 2000 that we would have needed x millions of gallons of water and do the necessary planning and infrastructural development to deal with that. What happens in the case of water? How many millions of gallons of potable water really goes down to the industrial users of electricity? How many millions of gallons of potable water are used for flushing toilets in the society? That is the kind of planning we are talking about.

I feel that somehow or the other, we are not putting ourselves in a position to take into consideration the needs of the society. Sometimes I get the impression that we operate as a people on a day-to-day basis and if we have to operate on a day-to-day basis, then we cannot plan for the generations; we cannot plan for the current population; and that is a sad state of affairs, if we had to think this way.

We have to keep reminding the powers that be that these things need to be done in order to be sure that we have a country that is stable, and a country that would not engage itself in civil disruption because of a lack of amenities.

That is why I listen with great intent to the contributions made by the Member for Diego Martin East, because I feel sometimes he has some very valid points and at times, again, I get the impression that he is there to give us the benefit of his knowledge of the language. I sit here as a relatively new Member of the House of Representatives and I am beginning to enjoy all that is taking place. I must admit, Madam Speaker, when I first came in and someone said to me, I was talking nonsense, I think it was the Member for San Fernando West, I got a little peeved. When we sat across the table elsewhere, if he had said that to me I probably would have said something else. But then I began to get into the culture of life here in the Parliament and I am beginning to enjoy it very much.

I think the hon. Member should take this as a compliment, that I really sometimes sit here and listen to his contributions. Sometimes when I examine what he has said, I feel that it is important for me to take special notes and to make reference to his points.

Having said all of that and having finally paid my compliments to Members on the other side, I feel that we have to be careful about what we do when our actions impact on the lives of people in this society. As I said earlier on, Madam Speaker, though I do not wish to enter into name-calling, I think the reason for the suspicions of Members on this side, and by extension, quite a number of people in this country, is one of the persons who is involved in the transactions.

7.35 p.m.

I feel that as a Government, Members on the opposite side should put country before self and put country before party if we have to move forward and survive as a nation. You see, Madam Speaker, what happens to those people who sit in Atlanta, Georgia, New York, Canada or the United Kingdom where deals are made, supposedly, in the interest of this country and its citizens, somewhere along the line the track record of people who are involved in the deals are known to the people on the outside. We look as though we do not know what we are about. We

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look as though we are prepared to allow salesmen and saleswomen to sell out the patrimony of the country. We appear to the wider international community as a bunch of people who are ignorant about what is happening. Madam Speaker, we are so familiar with the track record of quite a number of our citizens, and I take pains in saying that because if we are in Australia we fly the flag of Trinidad and Tobago; and if we are in Port of Spain, we would fly the flag of Trinidad and Tobago; wherever we are, we are ambassadors of this nation. When we meet and deal with people who bring ill-repute to this nation, then we all must suffer the consequences.

Madam Speaker, what are the end results of all these things? Chaos and all kinds of disruptions in civility in the society. If as a community we have to grow, we have to grow with dignity and pride and we have at all times to ensure that our actions are really in the best interest of the masses in the country. I am sure that there are people in this country who are saying, as this debate is taking place, that they are not sure if they will be able to afford electricity when this new deal comes to fruition. If they cannot afford electricity, what happens to their children? Will their children be able to have the kind of education that they dreamt of, or their parents told them of? What will be the impact on their psyche?

My whole point is, that whatever happens in this case the question must be asked by the hon. Members on the opposite side: Who is prepared to really bear the burdens of those people who are being denied in one way or the other? Whose conscience is going to bother them? Of course, they cannot go at variance with the norms in the party they represent, but they must take a conscience vote to decide who really will bear the burdens when people in various parts of this country for one reason or another—because of their economy, because of their social standing—cannot get a commodity that is essential to their lives.

Madam Speaker, I do not think, under the circumstances, that I am convinced that I should give any support to this measure.

Thank you very much.

Motion made, That the House do now adjourn to Friday, December 16, 1994 at 10.00 a.m. [Hon. A. Ramrekersingh]

Question put and agreed to.

House adjourned accordingly.

Adjourned at 7.40 p.m.